

FAR EASTERN ECONOMIC REVIEW

Vol. IV.

Hongkong, June 16, 1948

No. 24

FROM THE CONTENTS:—

Philippine Mining

Indonesian Trade Reports

Japanese Regulations for Entry
& Travel

China's Principal Imports & Ex-
ports (first quarter)

Hongkong Industrial, Aviation &
Shipping Reports for May

Hongkong's Railway Expansion

Hongkong Companies' Neglect of
regular reporting

Hongkong Building Materials

Transferable Sterling & Imports
from Europe

OPPOSITION IN CHINA TO JAPAN'S ECONOMIC PROGRESS AND AMERICA'S FAR EASTERN POLICY

There have been during the last month renewed student demonstrations in China directed against the United States policy which is supporting the Nanking regime and aiding in the rehabilitation of Japan's production. The anti-American storm has been brewing for a long time; periodic outbreaks with more or less violence have been witnessed over the last 18 months.

The current rash of demonstrations and protests was accompanied by the usual thunder from editorialists and some weak support was also received from university and middle school professors.

Furthermore, a number of Nanking officials in responsible positions have also joined in weak protests against the American promotion of Japan's industry and commerce.

Last but not least, a number of very vocal manufacturers in China have started their own anti-American and anti-Japanese propaganda which coincided with the student marches and threats of violence.

The main grievances of the students, professors and manufacturers can be summarised as follows:

The all-round economic progress in Japan has been aided by the U.S. who also protect Japan against being spoiled by ex-participants in the late Pacific War.

At the same time, American aid is going to the Nanking regime which thus is encouraged if not enabled to continue the civil war and to refuse a compromise with the opponents, chiefly the Communists Party and the various Liberal groups and associations in alliance with the Kuomintang opposition.

Reasons for Protests and Demonstrations

The principal motive for the current movement is political; the protests by students, newspapers, a number of professors and public figures in the country are inspired by the Communists, Liberals and the KMT opposition who are convinced that if American help can be got rid of, the basis for a compromise in China would emerge.

The future conciliation of the civil war in China is predicated, in their opinion, on a withdrawal of American forces now stationed in China, the suspension of all military and civilian aid.

By promoting ill-feeling between the U.S. and China, at every opportunity the anti-Nanking groups believe that the time for a compromise between the less reactionary KMT wing and the other parties is approaching.

This strategy has been rather successful not because of the real estrangement between the Americans and Chinese but on account of the unprecedented corruption, graft and malfeasance practised in China, and the administrative and military incompetence of the Nanking Govt.

The ever more clearly established U.S. policy of rehabilitating Japan, and the simultaneous determination of the Japanese to succeed once again as one of the world's principal industrial nations, have presented a welcome opportunity for the combined KMT opposition and the Chinese Communist Party (CP) to assail Nanking, the ally of the U.S., for allowing the resurrection of Japan.

The question of Japan remains, and will remain in China, a very important issue for the future of the nation; on the cooperation or lack of cooperation between the Chinese and Japanese depends much of the prosperity of the Far East. Intransigent but popular opinion in China holds that to oppose Japan's revival is sound policy and, therefore, every movement, student or merchant inspired, directed against Japan—as against any foreign country—will always be able to count on the support of the masses.

The common people are these days in an ugly mood which is understandable seeing the ever mounting sufferings of the population and the apparent hopelessness of their political and economic situation. Whoever utilises these pent-up feelings of the masses and channels them against foreigners in particular will be able to arouse the nation for a while; a show of force, however, and some action taken against the more turbulent elements always brings the desired effect: calm,

—which however is always the calm before a new storm.

Other Reasons for Protests

A second reason for the current anti-US and anti-Japanese protests is the popular dislike of American forces stationed in China and the suspicion that the American generals and admirals run actually Nanking as far as policies are concerned. The presence of U.S. Army and Navy in China is also painfully felt as a show of America's might and superiority which is so impressive when brought face to face with it; every pretence of equality and so many other pretensions crumble.

This feeling of outraged nationalism is to a good extent responsible for so many xenophobic actions taken in China over a hundred and more years; the latest and very violent outbreak of such feelings was the burning to the ground of the British Consulate in Canton and the extensive damage done to British property (of last January 16 which, now after 5 months, still has not been indemnified).

Another and very important reason for the protests is found in the anxiety of Chinese manufacturers who have no confidence in their own ability and are inclined to give up instead of working hard and competing with Japan. Factory owners in China are in an unfortunate position as they are facing ever more extending Govt. monopolies, official purchasing and distribution corporations, increasing squeeze and taxation, insecurity and monetary inflation.

Their hope to take over some Far Eastern markets which in pre-war years were Japan's domain proved empty, no progress was achieved in the years of 1946-1947 and now, when Japan's export production is rapidly being restored, the competition with Japanese manufactures in the "South Seas" scares Chinese producers.

There are of course many exceptions of factory owners who have built up efficient plants and are able to supply good quality goods at competitive prices, however, the nation-wide deterioration in China, a consequence of the raging civil war in the first place, makes success for such manufacturers extremely difficult.

Reparations from Japan

Still another reason is to be found in the frustration of China to obtain the huge quantities of reparation goods from Japan which were previously, on spurious evidence, demanded. The American policy of preserving the productive industrial potential of Japan has left no doubt in the Chinese mind about the futility to request more than the U.S. is willing to offer and, from Nanking's point of view, much too little has been offered so far and very little is expected to come in the future. In short, China has been prevented to exploit the American victory over Japan.

It would have been ideal, so it was reasoned in Nanking, to appropriate Japanese industrial equipment and obtain, moreover, regular supplies from current Japanese production while at the same the revival of the Japanese economy could have been delayed for a generation.

From the frustration of this dream stems much resentment even in official circles in Nanking who otherwise realise their absolute dependence on the U.S. and are not inclined to encourage any student demonstrations directed against the U.S. in one or the other form or disguise.

The Progress of Japan

A very painful realisation of China's inadequacy was caused by comparison with the tempo of progress witnessed in Japan during the last 2 years. While the Japanese people, undismayed although grieved by the defeat of their nation, set to work and toiled hard to pull themselves up from the slough in which they found themselves after the Surrender, the Chinese scene changed from bad to worse in the post-war years.

Political disunity and civil war, a fanatic group of politicians and bureaucrats fighting to the last for retention of their privileges and feudal overlordship, an interminable currency inflation, decrease in industrial and agricultural production, decline in foreign and domestic trade, disruption of communications, piracy and brigandage abounding—these are the facts which the world observes when reviewing China.

It is then only natural that the Chinese people measure their country's decline against the progress in Japan. The conquered Japan's achievements in the past have impaired the prestige of China abroad.

Today in China admiration of Japan's spirit and ability to work hard even under the most trying conditions alternates with envy and jealousy. There are many fair-minded Chinese business men who find inspiration in Japan's progress but the appeal to fear and envy is much stronger and is well utilised by political groups for their own ends.

Looking into the past one cannot but be impressed with the Japanese achievement. Compared with China's human and material resources, the Japanese had a much less favourable headstart to compete with the Western nations once the Far East was opened

to trade with the world. Japan's superior qualities were proved in her unprecedentedly fast advance in all fields of human endeavour during the few decades following the opening of the country to trade with the West; the nation was, prior to its joining the Fascist bloc of Europe, universally praised for its speed in modernising an ancient material civilisation and a feudal social system. Japan became distinguished for her science, earnestness, industrial effort, Prussian thoroughness and efficiency; she entered into full-fledged competition with the West and was recognised and treated as an equal in every respect.

The greatness of the nation has been again proven in the hour of her defeat. Upon proclaiming the end of war and surrender of Japan's armed forces the Japanese Tenno called upon the people to exert themselves to win back the confidence of the world. The Japanese people worked silently, rehabilitated their country. And the dictum "God helps those who help themselves" was once again proven.

Even without the Soviet bogey, and supposing a US-USSR cooperation instead of the current "cold" war operations, the material assistance rendered by the U.S. to Japan would have eventuated as it is natural for America to see a prosperous and contented Japan as her neighbour in the Pacific. The remarkable achievement of the American Occupation, under General MacArthur, has been to make good friends out of former enemies.

No individual people can be blamed for war and aggression; it is economic conditions which must be changed if tension and eventually war are to be avoided.

Effects of the current anti-American and anti-Japanese Agitation

1. On Japan:

The sinister Panasiatic and mystic societies, most notorious of which was Toyama's "Black Dragon," are steadily losing ground among the people; the Chinese opposition to Japan's rehabilitation is noted and conclusions for the future are drawn which should have far reaching consequences for better and more sincere cooperation between the Japanese and Western nations. Attachment to the U.S. is bound to be strengthened.

2. On the U.S.A.:

The majority of the American public, as far as interested at all in Chinese affairs, is already disillusioned, even disgusted, with the decline of China. Accusations in the American press about the moral decay, double-crossing and political blackmail and intrigue in Nanking are now un concealed. The few paid and voluntary supporters of the "Help China" policy find it ever harder to make any headway. The attitude of the policy makers and the Administration in Washington stiffens. The current anti-American demonstrations are resented by Americans in every walk of life. The protesting and calumniating little students of China have done their country a very great disservice.

3. On the World Public:

Generally speaking foreign observers of the China scene think of that country as a bottomless pit, absorbing any amount of foreign help and money, all the while talking of their suffering foreign exploitation and encroachment, while political groups foster anti-foreign sentiments. The many student demonstrations in the past, protesting once against this and then against another foreign nation and her policy or "conduct," have certainly not caused any sympathy abroad. It is the wonder of foreign observers that the students in China are interfering so much in the business of their government and that they are being taken seriously in their country. Immature and irresponsible as students generally are their actions in China testify to a peculiar nervous state of the Chinese people who are easily swayed by political and racial emotions but do not reason.

4. On China:

The Nanking Govt. will, as a consequence of the new anti-American demonstrations, find itself in a more embarrassing situation but branding the students and their political organisers as Communists or "sympathisers" Nanking will get over this shock as over so many others in the past. The American military, naval and diplomatic authorities in China understand the situation very well. The ulterior motives of the anti-Nanking alliance, utilising students as one of its several forms of attack, require no elucidation.

A threatened boycott of Japanese merchandise by some Chinese merchants is just hot air and can be dismissed without further argument.

Provided that some Nanking govt. officials in leading position should elect to take up a policy not in conformity with Washington's, such action will have no effect as Nanking has no power to make Washington or Tokyo change their courses.

The Facts behind the Agitation

The Chinese people have been misled by student agitators and the political wirepullers about the purpose and aim of America's assistance to Japan. The ultra-nationalists continue with their vicious anti-foreign propaganda, blaming China's shortcomings and material inferiority on the aggressive tactics of Western nations, thus arousing and keeping aflame feelings of antipathy and even hatred.

Instead of preaching hatred the facts should be presented to the people which are, in the case of Japan and the assistance rendered by the U.S. to Japan:—

Japan is progressing largely by dint of her people's efforts, and progress everywhere is a good thing. The national genius of the Japanese people, if controlled for the time being by the U.S. for the sole purpose of ensuring democracy and peaceful development in the country, may prove of very great benefit for the nations in the Far East which are living and producing on an inferior level.

Without American and other foreign assistance and active Japan-foreign co-operation, progress in Japan might be delayed to the detriment not only of

the Japanese people but also of the peoples in all of Asia and the world at large.

To oppose is negative, to compete is positive!

There has been no progress in China after the war, on the contrary, the general economic situation of China has deteriorated. What is necessary for the survival of China as a great nation is the same or a similar spirit like the one so impressively displayed in Japan of our days. The Chinese people must also build and reform, learn and work, create and achieve.

We have witnessed only regression, the visible cause of which one believes to be the civil war. However, the basic causes for the decline are deeper: feudalism, illiteracy, family system, Confucian way of life, fatalism, lack of scientific spirit, suppression of the rural population etc. To vie, in peaceful contest, with Japan should energise the ancient body of China.

The U.S. is aiding China and has been pouring several billions of US\$ worth of commodities into the country, it has supplied China with the services of engineers, technicians, doctors and specialists in many fields; other countries, notably the British Commonwealth have been supplying China with a host of goods and services as well. The plethora of foreign help has never been really appreciated in China.

While, however, U.S. assistance to Japan was scientifically used and there was no dissipation, the U.S. Congress and Administration were constrained to describe American help to China as "Operation Rathole" since so much of the gifts and loans was diverted and stolen.

American help to Japan is coming daily to fruition.

Communist Attitude

To a certain degree the current as also previous anti-American propaganda is sponsored and promoted by Communists. That must be so as every ally of the KMT is automatically the enemy of China's CP (or, for that matter, all CP's the world over). The Communists must make Nanking's life as difficult as possible and, due to the incompetence and corruption of the Nanking regime, their efforts have been crowned by much success.

The CP tries its best to make the U.S. "Imperialists" as unpopular as the Japanese during the period of the Sino-Japanese war. The real objective of this anti-US campaign is to force the withdrawal of American armed forces from China, to see all assistance of military or semi-military nature to the Nanking Govt. cease, and thus to prepare the ground for a compromise and the establishment of a coalition government with a CP majority.

The current anti-US and anti-Japan agitation is only one of the many campaigns which so far have been waged in the major cities under Nanking control—a sort of fifth column which does not know or does not want to know how well it is being taken advantage of by the CP.

However, as regards the fundamental question of the restoration of

Japan's national economy, Communism the world over is in agreement with the Japanese people: work and achieve, develop and enhance the production of wealth.

The stunting of industrial production, which is one of the principal aims of the current anti-Japanese protests in China, is opposed by Communists.

The fullest economic development of Japan, as of every other people in the world, is one of the main program points of the Japanese CP, and therefore of every other national CP.

Only on account of the present "cold" war between the US and USSR—which is intimately connected with the civil war in China—the momentary political strategy of Chinese CP must be to discredit the U.S. when and wherever possible. In case of a conciliation between the two great contestants there will be no "problem of Japanese industrial revival."

Future of Japan

If causes for war can be eliminated elsewhere the Japanese nation can be relied upon to lead a peaceful and productive life. The Japanese Constitution of 1946 (promulgated by the Emperor on Nov. 3, 1946, and in force as from May, 1947) abolished conscription, stripped the nation of all armed forces and pledged to renounce war for ever.

That eminent American authority on Japan, Mr. James A. Rabbitt, surveyed in the *Far Eastern Economic Review* (May 7 and 28, 1947) the industrial potential of Japan and, in this connection, described lucidly the human and industrial resources of the Japanese people.

As to their assets, Mr Rabbitt stated that the Japanese have 90 per cent both of the intelligence of Asia and the processing equipment of Asia (excluding the USSR in Asia and the Indian continent). Especially in industrial management the Japanese monopolise the intelligence resources of Asia. A third asset of great importance for Japan is the large volume of hydro-electric power for which use the Japanese have the greatest aptitude (excl. Soviet and India).

Mr. Rabbitt outlines that, on the liability side, Japan has only 10 per cent to zero of the raw materials for industry; a low domestic market; shortage of raw materials requiring exports to obtain imports to keep industry alive; and on the whole less aptitude than Occidental countries.

Mr. Rabbitt continued, in this Review of last May 7:—

The Japanese have had to struggle so hard to overcome their handicaps from the paucity of industrial materials that they are exceptionally alert to the exploitation of the economic resources which they possess. These resources include: A super-industrial intelligence and aptitude for management in co-ordinated effort to overcome natural barriers. — An inherited industriousness due largely to the age-old struggle to wrest sufficient food from a limited area of arable land. This has led to a spartan way

of life. — A highly developed sense of fatalism due to the constant threat of disaster from earthquakes, typhoon and famine. This has enabled the people to meet emergencies with calmness and fortitude leading to their stoicism. — Being surrounded by water and having more than 12,000 lineal miles in the 1,200 geographical miles on their east coast alone, they have developed a maritime spirit second only to that of the British.

To reduce these factors to industrial assets the Japanese have been forced to give them prominence in the production of whatever they have for sale and especially in the case of export in order to assure the highest possible percentage of foreign exchange to motivate their industrial machinery.

Not the least of Japan's industrial assets is a high degree of intelligence among the workers coupled with a standard of living which is low compared with occidental countries but high for Asia, and a fairly high standard of happiness.

That the Japanese have an industrial intelligence superior to the rest of Non-Soviet Asia has been apparent to all and fully demonstrated by their remarkable industrial development regardless of the paucity of materials.

Industrial intelligence cannot be destroyed by conquest any more than the morals of a people can be raised by acts of congress. Both have been tried and all such efforts have failed.

Import Prices of Japanese Goods in Hongkong

A survey conducted by the *Far Eastern Economic Review* among regular commercial trading firms which have been importing various commodities from Japan showed that the majority of them have reaped considerable profits while others only recently suffered slight losses, the latter groups including mostly importers of cotton piece-goods.

Following are average cif Hongkong prices of various Japanese products which were imported in the past month:—

Rubber Canvas Shoes \$1.30 per pair; Cellophane Paper \$130 per ream; Calcium Cabonate \$280 per ton;

Zinc Oxide \$1,900 per ton; Sharks Fins \$188 per picul; Window Glass \$7 per sq. ft.;

Cigarette Cases 80 cents each; Cigarette Lights \$14 per doz.; Alarm Clocks \$6 each; Wall Clocks \$16 each; Tooth Paste 20 cents per tube;

Woolen Fabrics \$11 per yd.; Raw silk \$11 per lb.; Worsted Fabrics \$10 per yd.; Rayon Piecegoods \$1.50 per yd.;

Sewing Machines \$260 a set; Spun Rayon Yarn \$1.25 per lb.; Abalone \$810 per picul; Refined Camphor \$3 per lb.; Coca Cola 30 cents per bottle;

Watches \$15 each; Knives 55 cents each; Harmonica \$3 each; Cement \$122 per ton.

MINING OPPORTUNITIES IN THE PHILIPPINES

(Special to the Far Eastern Economic Review By CHAS. A. MITKE)

The discovery of mineral wealth has promoted the development of many countries. It was great finds of gold and silver in Peru and Mexico that made Spain one of the wealthiest Nations of the World during her Spanish-Colonial period. The finding of coal and iron in close proximity, thus permitting the manufacture of machinery and other articles for export, contributed largely towards making England "Mistress of the Seas" for some decades. Gold and diamonds in South Africa, created a boom in that country, and the discovery of gold at Sutter's Mill, California, was primarily responsible for the development of the West Coast.

Gold Mining.

Ancient peoples panned and traded in Philippine gold, but their efforts were on a scale insignificant compared to modern day mining. It was only as recent as 1933 that up-to-date mining methods were introduced. This, coupled with the presence of considerable foreign capital, which could not return to Spain and China, owing to civil wars, gave an impetus to mining that resulted in a boom. Prospecting was encouraged, new mines were found and developed, and the country prospered.

During the short period from 1932, the value of metals mined and treated, rapidly rose from 10,000,000 Pesos in 1932 to 92,832,911 Pesos in 1940. The following figures indicate the great progress made by the mining industry during the ten year period from 1931 to 1940:—

Gross Output in Pesos	
1931	7,524,867
1932	10,300,167
1933	16,190,795
1934	23,701,923
1935	31,692,620
1936	44,402,653
1937	51,260,646
1938	64,623,205
1939	74,131,216
1940	92,832,911

Had the war not intervened, mineral production in 1941 gave every indication of topping the 100,000,000 pesos mark, and even surpassing the Philippines most favored industry—sugar.

War Damage to Mining Industry.

Then came the Pacific War, and great was the damage to the mining industry. Mining plants were shelled, bombed, and burned; machinery was carted here, there, and everywhere, depending on where the Japanese thought they could best use it to advantage. Gold mining machinery went to copper camps; tools and equipment of other properties to sulphur and asbestos deposits. Some of the equipment even traveled as far as the Borneo oil fields. What the Japanese failed to destroy, the looters finished.

The three years since liberation have been spent in rehabilitation, but with-

out war damage payments, many companies are having a hard time in getting back into production.

Outlook for Prospecting of Mines.

Today, there are five gold producers, where once there were forty. One base metal property (refractory chrome) is in operation. Two others may join the list before the end of the year. The remainder are dormant, crippled for lack of capital.

Naturally, under such conditions, the search for new mines lags.

A country the size of the Philippines should have a number of prospecting outfits constantly in the field, studying old areas, and prospecting new ones. Much of the Philippines is virgin territory, and the fact that a large part of it is covered with a semi-tropical jungle may mean that there are many hidden deposits awaiting discovery. Only recently, an outcrop of high grade gold-silver-lead copper was located, which, after deep drilling, has been prosecuted, may eventually become an important new producer. A high grade copper outcrop was found on the top of a mountain, beneath a stand of first grade timber, and covered with jungle undergrowth.

In some countries, outcrops can be "spotted" from the air, using planes for prospecting, as has been done in Northern Rhodesia and Canada. In jungle country, however, it is impossible to tell what lies beneath the rank semi-tropical vegetation except by cutting one's way through it on foot.

Financial Problems of Development.

In the past three years since liberation, prospectors have been bringing in thousands of samples, and, in certain cases, engineers have been sent out to check them up, but money for constant, systematized exploration, followed by the use of a small diamond drill, to determine values in depth, is lacking in the Philippines, which is short of funds for all rehabilitation work, and cannot, therefore, spare the capital to invest in new enterprises of this character, and of a semi-speculative nature.

There is no reason why the discoveries of 1934-40 could not be repeated, as there are many areas which are still uncharted and marked on the map "unexplored territory."

Outlook for Prospecting of Mines.

A country which has produced an iron deposit with over a billion tons, containing small amounts of nickel, chrome, and manganese, and a refractory chrome deposit, running into 10,000,000 tons, which is a regular shipper of 20,000 tons monthly, may have other surprises in store for the enterprising and adventurous.

It was systematic exploration that discovered five large copper deposits in Northern Rhodesia, each with over

100,000,000 tons, within a short space of time, some twenty-odd years ago. Nothing like the same thoroughness of exploration has ever been applied to the Philippines.

A number of minerals the World is short of are known to exist in the Philippines, such as lead, chrome, manganese, but not sufficient prospect and exploration work has been carried on to determine the size of the deposits.

Prospecting and exploration are in a different category to operation. The latter is more like an investment in a factory, or manufacturing plant, where the known return may be small, but reasonably sure.

The other, is classified by economists as speculation, but where the work is honestly conducted by experienced engineers and technicians, it is legitimate speculation, and when it pays off, it pays big.

Exploration of metal Resources.

A tremendous tonnage of copper, lead, zinc and other metals were consumed during the war years. So much so, that, since the termination of hostilities, Government officials in Washington have sounded a decided note of pessimism over the diminishing mineral resources of the United States. They have propounded ways and means of conserving raw materials, even suggesting the closing down of mines, and the purchasing of the Nation's supplies from abroad. They argued that "frontiers" no longer existed in the United States, and, consequently, there were no new areas to explore. It therefore became imperative to conserve the rapidly diminishing known reserves.

That there was no cause for "viewing the situation with alarm" now becomes apparent. Reliable authorities have pointed out recently that during the past ten years there have been 37 new finds of major importance, and that these have largely replaced (to mention one metal) the greater part of the 10,000,000 tons of copper produced from North American mines from 1937 to 1946.

All of these new discoveries "were unknown, or thought small or valueless" ten years ago, but are the result of a systematic prospecting campaign. Of the new copper deposits, one has a known tonnage, to date, or 450,000,000 (tons); others range from 50,000,000 to 200,000,000 tons. All but two of these are in the United States and Canada.

Scientific methods in modern Prospecting.

The remarkable thing about these new deposits is that they owe their existence, not so much to a lucky find, as to technological skill, combined with diamond drilling. Years ago, a prospector might stub his toe on a rock which, upon being turned over, is found to contain high grade gold, or his mule might kick a hummock and disclose a bonanza. Today, mines are not so much FOUND, as MADE.

There used to be a saying among mining men that "the rock drill is the best geologist." While that may be true, the diamond drill is gaining greater prominence as a prospector, for the reason that it goes deeper and explores the deposit at horizons that cannot be reached by the rock drill in the early stages of mining.

In almost every one of the new discoveries mentioned above, the diamond drill played a prominent part, and the ground was explored at depth, and ore not previously known to exist, blocked out in this manner.

Ore must be searched for, likely outcrops or significant formations studied. Sometimes the surface showings are insignificant, as in the case of the largest of the new copper finds. It was only after deep drilling, that millions of tons were found under an area that is reported to have no surface indications of any consequence. Had drilling not been resorted to, this deposit might have lain there unfound for another fifty years or more.

There are also cases here in the Philippines, where very low gold bearing material (US\$2.00 a ton) existed on surface, but, by slow, tedious, sinking of shafts and crosscutting, \$20.00 ore was found in one mine, and \$25.00 in another, in depth. Think, how quickly these might have been proved up by deep drilling.

Hundreds of such drills are in use in the United States and Canada, and have added materially to the ore reserves and wealth of those countries, whereas only two are in operation in the Philippines.

Authorities, speaking of the new remarkable discoveries in the United States, Canada, and Mexico, state that "The credit for most of the 37 new discoveries goes to the geologists and engineers, and to diamond drilling"... "In all of these new copper deposits, geological insight showed possibilities. Enterprising capital and progressive management took the risk and developed great orebodies." *

Millions of dollars of pioneering, or development money, were required to locate and prove up the enormous tonnage in the 37 new mines mentioned. The companies, the investors, and the countries in which they are located, will now benefit from the future production of these great new "Mines of Tomorrow."

While the recent finds in copper, lead, and gold in North America have far exceeded expectations, the United States has always been short of lead, chrome and manganese, and must buy these from foreign countries.

Mineral Treasures of the Philippines.

The Philippines contain all these metals, some of them, such as refractory chrome, in abundance. The others require exploratory work and geological study to determine how important they may ultimately become. If, instead of two diamond drills, the country had fifty or a hundred in operation, surprising new discoveries might be made.

* Ira. Joralemon, "Geology and the new Mines," Mining and Metallurgy, April, 1948.

EXPANSION OF HONGKONG'S RAILWAY

The British section of the Kowloon-Canton Railway will be thoroughly rehabilitated in the next three years at an approximate total cost of \$25,000,000.

Capital equipment for such rehabilitation works is on order in the United Kingdom and the United States, and is expected to be delivered by the end of 1950.

The biggest item in this thorough rehabilitation programme is 34 carriages worth \$8,880,000 and 263 wagons valued at \$9,300,000. According to scheduled plan, all the carriages and wagons will be delivered in Hongkong by mid-1950 and put into operation as soon as tests are completed on these machines.

All the damaged and outrun, though still serviceable tracks along the entire line from Tsimshatsui terminus to Shum Chun on the border will be replaced by new rails totalling 3,700 tons in weight, which is estimated to cost \$3,700,000. Included in the programme is \$2,000,000 worth of machine and hand tools to be entirely imported from abroad for the use by the Hongkong railway administration.

Other materials for carrying out the three-year rehabilitation work to be imported from U.K. or U.S.A. will include 90 tons of No. 1 grade cast iron; 70 tons of structural steel, bars,

plates, and angles; 35 tons of copper ingot; 12 tons of tin; 3 tons of zinc; 3 tons of antimony and 360 pounds of tool steel.

The rehabilitation schemes in the three-year period are divided into expansion and replacement of the existing tracks, buildings and other facilities of the railway.

Expansion works include quarters, latrines, bath-houses, and shelters at a total cost of \$200,000; stores at \$100,000; signals for Hungnam marshalling yard and double-wire signals for outstations at \$200,000; and plant and weight bridge at \$300,000.

Replacement projects include 263 wagons at \$9,300,000; 34 carriages at \$8,880,000; machine and hand tools at \$2,000,000; bridges at \$30,000; tracks at \$3,700,000 and fence at \$60,000.

In addition to the three-year rehabilitation scheme, Government has mapped out tentative plans to transfer the Kowloon-Canton Railway terminal station at Tsimshatsui to Hungnam at a total cost of \$70 million (see pages 506-7 of this Review, dated May 26). The transfer scheme will not be undertaken before the completion of the three-year rehabilitation project and its final plan will depend on the recommendations of Professor Sir Patrick Abercrombie's report.

HOUSE BUILDING MATERIALS FOR HONGKONG'S DEVELOPMENT

The Hongkong Government is soliciting the help of the British Government for the procurement of house building materials from United Kingdom sources to meet the Colony's estimated requirements in the next three years.

The demand for building materials in Hongkong arises rapidly from the need to repair war damaged house; to provide housing for a greatly increased population now crammed into less space than the pre-war accommodations; to increase the provision of social and public utility services; and to build new industrial establishments which were attracted to the Colony from China.

On the basis of current Government

expenditure and foreseeable private projects in connection with the Colony's 10-year development plan (vide p. 503-9, May 26, of this Review), it has been tentatively estimated that Hongkong will require about 230,000 tons of building materials of various types annually during the next three years. According to existing market prices, the 230,000 tons of materials will cost roughly \$122 million.

Government has already submitted a report covering details of the requirements to the Secretary of State in London with a view to enabling the British Government to allocate as large a quantity as possible from United Kingdom manufacturers for import into the Colony.

The greater part of the required materials are, however, expected to be procured in the United States by Government and private parties, since it is unlikely that the United Kingdom can be in a position to supply much of Hongkong's requirements on account of its own rehabilitation and reconstruction programme.

Annual requirements in the three-year period for the Public Works Department to carry out Government housing schemes are estimated at 3,000 tons of construction plant and equipment materials; 2,550 tons of heavy and light timber; 8,750 tons of reinforcement and window steel; 2,100 tons of structural steel; 20,000 tons of cement; 200 tons of sanitary ware; 500 tons of E.W. pipes; 500 tons of C.I. pipes; 500 tons of bitumen; 500

There are 114,400 square miles in the Philippines, and of this a considerable area has never been prospected. What is needed, is a campaign, similar to that carried on by the United States and Canada with such productive results.

Exploration companies should be organized, and crews sent out to study reported outcrops and mineral areas. When they are found to be worthy of further work, a diamond drill should be set up and a number of shallow holes drilled, to depths of, say, 200 to 300 feet.

If this is done in a number of cases, history may repeat itself, and the unexplored, jungle-clothed hills of the Philippines may yet yield new hidden treasures.

HONGKONG INDUSTRIAL REPORT FOR MAY

With 23 industrial establishments having been granted registration certificates by the Labour Office in the month of May, the number of registered factories and workshops in the Colony as at May 31 was 1,011, of which 752 are located in Kowloon and 259 on the island of Hongkong. Of the newly registered establishments, 6 are on the Island and 17 on the Mainland.

In the same month, 11 new factories applied for registration. These—3 in Hongkong and 8 in Kowloon—together with those which had previously applied for registration are now being screened and their proposed factory buildings are being inspected by the Labour Office before they will be granted registration certificates.

The proposed new 11 factories are:—three weavers and one each of the following industries: paint, joss stick, printing, engineering, dyeing, knitting, saw mill and motion picture.

Motion Pictures

Though the motion picture industry is not new in Hongkong, none of the

tons of workshop machinery; and 750 tons of vehicles. The total cost of these materials is estimated at \$32 million.

Probable and projected private house building programmes will require the following materials worth \$560 million annually in the same period:

Construction plant & equipment 2,000 tons; light timber 1,800 tons; reinforcement & window steel 6,000 tons; structural steel 2,100 tons; cement 20,000 tons; sanitary ware 125 tons; E.W. pipes 250 tons; and C.I. pipes 175 tons.

Other probable and projected schemes will likely absorb every year in the same period the following quantities:

Construction plant & equipment 4,000 tons; light & heavy timber 8,700 tons; reinforcement & window steel 30,000 tons; structural steel 12,500 tons; cement 100,000 tons; sanitary ware 400 tons; E.W. pipes 1,250 tons; and C.I. pipes 875 tons. These materials are estimated to cost \$80 million.

Therefore, the total approximate annual requirements in the next three years for Government, private housing and other private projects will be:

Material	Quantity	Value
Construction plant & equipment ..	9,000	\$1,000,000
Light & heavy timber	13,050	18,000,000
Reinforcement & window steel ..	44,750	44,000,000
Structural steel ..	16,700	16,000,000
Cement	140,000	20,000,000
Sanitary ware ..	725	5,000,000
E.W. pipes	2,000	7,000,000
C.I. pipes	1,550	5,300,000
Bitumen	500	1,500,000
Workshop machinery	500	2,200,000
Vehicles	750	2,400,000
Total	229,525	\$122,400,000

pre-war and post-war movie picture producing companies has ever registered its establishment with the Labour Office. The first registered concern now is the Yung Hwa Motion Picture Industries Ltd. which is considered the largest and most up-to-date movie producing establishment in the Far East. (A report on this company was published on page 443 of this Review dated May 5).

New Factories

Thus, the Colony saw the registration of a total of 128 new industrial concerns and the application for registration of another 122 in the past five months.

Month by month, they were:—19 registrations and 32 applications in January; 19 registrations and 19 applications in February; 31 registrations and 11 applications in March; 36 registrations and 39 applications in April; and 23 registrations and 11 applications in May.

Business conditions

During the month of May, most of the Colony's principal industries experienced not too prosperous business and had to reduce their operational capacity.

The textile industry continued to face the depression in piece goods which caused about 50 percent of the estimated 750 factories temporarily to cease operation. Knitters, however, were slightly better off than weavers.

The present depressed situation is expected to continue for sometime until the demand for cotton piecegoods in Far Eastern markets revives and until local weavers will offer more competitive prices for their products compared to Shanghai and Japanese produced goods.

Shanghai "Dumping"

Local manufacturers have been complaining about the "dumping" of foreign piecegoods in Hongkong as well as in "South Seas" markets by particularly Japanese exporters, but many merchants here have as yet failed to realise the real threat which is coming from Shanghai products. These Chinese goods seem to be better in quality and cheaper in price when compared with Japanese piecegoods. Not to speak of the markets in the so-called South Seas, Hongkong itself is flooded with Shanghai products, especially printed cotton cloth which is sold 20-30 percent cheaper than local products.

When production was at its peak period towards the end of last year, local textile factories complained of inadequate cotton yarn supply by Government. Today, they all request Government to delay the usual distribution of price controlled cotton yarn which has been arriving in large quantities from Japan, Italy and Shanghai during the past few months through Government efforts.

Rubber Shoes Industry

The slackening condition witnessed in the rubber ware industry in April

remained throughout May with almost every smaller factory remaining only partly operative. By mid-May, several bigger workshops completed the execution of the large order of 2,500,000 pairs of rubber canvas shoes received from the United Kingdom at the end of last year.

Efforts are now being made to obtain further orders from U.K. as well as from the Chinese Government for Army shoes. The Chinese Government is said to be interested in buying rubber shoes for its military personnel from Hongkong factories, but its price offer is not attractive on account of the non-stop depreciation of the Chinese dollar.

Local rubber ware manufacturers are also trying to induce Government to prohibit the import of Japanese rubber canvas shoes which are sold here 30 percent lower than the local product. However, the local shoe makers so far made no attempt to reduce their own production costs.

Progress in Business

Among the local industries which experienced good business in May were those engaged in producing enamel ware, vacuum flasks, hurricane lamps and iron nails.

Notwithstanding the textile industrial depression in the Colony, many Chinese industrialists from our neighbouring country have made fresh inquiries into more and more local possibilities for removing their factories from China or for setting up branch workshops here for safer and relatively more profitable operation.

New Chinese Factories

The Foo Sin Tobacco Company, one of the biggest cigarette factories in Shanghai, has mapped out plans to establish a sister factory here. According to responsible officials of the company who visited the Colony recently cigarette and all other paper in Hongkong is much cheaper than in Shanghai, while cigarette prices are higher. This alone, they opined, offers better opportunity for more profitable operation of cigarette factories in the Colony than in China.

Two steel factories in Shanghai—the Tai Hing Steel Factory and the Wah-shin Steel Works—have also made plans to operate here. The former has already set up its plant in King's Road and will soon be ready for operation, the latter is looking for a suitable site for erecting a workshop in Kowloon.

Another Chinese steel factory which may set up a plant here is the Tang-shan Steel & Iron Works, which is at present situated near Tientsin. This is considered to be the largest of its kind in North China and its projected removal to Hongkong (or Canton) is said to be approved by the Chinese Government as the area in which the plant is situated is likely to be threatened by Communist occupation.

A number of Shanghai's well-known printing companies—such as the Great Eastern Book Co., the World Book Co. and the King Hwa Press—have also sent representatives to Hongkong in recent weeks to start operations here.

Another Shanghai industrialist is contemplating to establish an airplane servicing and repairing workshop near Kaitak to serve airlines operating in and through the Colony. Should his plan materialise the local airlines should be greatly benefited.

New North Point Shipping Facilities

In 1924 to 1926 the Netherlands Harbour Works, under the supervision of Public Works Department constructed at North Point for the owners, a quay wall some 1,600 feet long, having at low tide about 30 feet of water. The owners' intention at that time was to build a modern sugar refinery, but the project never got further than the construction of the wharf wall at a cost of over \$2½ million.

About 400 feet frontage was purchased by Hongkong Electric, leaving over 1,200 feet which has from time to time been used by shipping, but no warehouses have been built or further development done. At present a large area is used by Government as a coal yard and the remainder by the Royal Navy.

This is the only undeveloped site in the Colony with a properly constructed quay wall where ships can lay alongside at low tide. The completion of the proper development will provide shipping facilities that will be a useful addition to the Port, and relieve the existing congestion.

For that purpose a new Godown Company has been incorporated a few weeks ago to develop and operate this valuable property, and a public issue has been made last week which was fully taken up by the public. The new North Point Wharf and Godown Co. is British owned and managed. The China Provident Loan & Mortgage Co., one of the leading godown operators in Hongkong, are general managers.

The construction of a pier and transit sheds is to commence soon.

HONGKONG MANUFACTURES EXHIBITION IN FAR EASTERN MARKETS

The Chinese Manufacturers' Union of Hongkong is organising a flying exhibition of local products in the Philippines, N.E.I., Malaya and Siam. The Union will dispatch a mission before June 15 to tour Manila, Singapore, Penang, Ipoh, Batavia, Bangkok and other leading cities in South East Asia.

The mission will carry with them local products to be exhibited in these cities during their tour for the purpose of studying conditions and finding markets for local manufactures in these countries. Local manufacturers who desire to have their products shown have to contribute towards freight charges and the travelling expenses of the mission members.

Factories in China

The Chinese Ministry of Economic Affairs reports that Shanghai has the largest number of factories and workers.

Some 7,738 out of China's total 14,078 factories are located in Shang-

SHIPPING REVIEW HONGKONG SHIPPING REPORT FOR MAY 1948

Registering an increase of 234,549 tons, or 15.5 percent over the previous month, the aggregate tonnage of ocean-going and river shipping that entered from and left the Colony for abroad in the month of May amounted to 1,738,551 tons. Of the total, 506 sea-going vessels accounted for 1,515,922 tons and 586 river boats for the remaining 222,629 tons.

British vessels continued to maintain their leading position in the Colony's shipping returns by accounting for 39.5 percent of the total tonnage (1,738,551 tons). American ships came second with 21.6 percent, followed by Dutch steamers with 12.5 percent, while Chinese boats ranked fourth with 9 percent. Norwegian ships stood at the fifth place with 6.1 percent and Danish ships were sixth with 4.4 percent. The remaining 6.9 percent were accounted for by ships of other nationalities.

Ocean Shipping

Of the 1,515,922 tons of ocean-going shipping, the tonnage of which showed an increase of 258,048 tons, or 20.5 percent over the previous month's figures, British steamers were responsible for 507,395 tons, or 33.4 percent; American ships for 376,091 tons, or 24.9 tons; Dutch vessels for 216,611 tons, or 14.3 percent; Chinese craft for 112,677 tons, or 7.5 percent; Norwegian ships for 106,572 tons, or 7 percent; Danish vessels for 77,209 tons, or 5.1 percent; and ships of other flags for the remaining 118,557 tons, or 7.8 percent. European shipping, excluding British and U.S.S.R. flags, accounted for 485,344 tons, or 32 percent.

River Shipping

River traffic recorded a decrease of 23,535 tons, or 9.5 percent when compared with the previous month. Claiming 179,855 tons, or 80.7 percent of the total, British steamers retained the leading position in river shipping in May, while Chinese vessels accounted for the rest of 42,774 tons, or 19.3 percent.

The rest are distributed as follows: Tientsin, 1,211; Taiwan, 985; Nanking, 888; and the remainder are scattered. Lanchow is at the bottom of the list with only 39 factories.

There is a total of 682,399 factory workers. Shanghai has 367,433 of them. Textile workers form the largest group, totalling 313,127.

The Ministry's report indicates a greater number of light industries over the heavy industries. There are 3,773 textile factories; 1,783 clothing; 1,505 machine, and 494 metal refineries. Only 3,312 of the factories are adhering to the Factory Law.

The factories include all kind of native workshops, with and without mechanical equipment. Most of the labour is unskilled and social services are elementary.

As an inceptive business depression has been noticed here, there is now keen competition for trade among the river shipping companies in Canton, Macao and Hongkong. Most shipping merchants are cutting their charges, ignoring their earlier agreements of a uniform freight rate.

Competition is more acute between vessels on the Hongkong-Macao run. A shuttle service is being maintained on this route by five vessels—Wing Hing and Merry Moller sailing in the morning and Kwangtung, Kwangsi and Cheung Hing in the afternoon every day.

As the last named trio, which concluded an agreement to pool their earnings, suffered a heavy loss in May, the s.s. Kwangtung detached itself from the other two and reduced passenger fares by 50 percent. The other ships are finding themselves in a precarious situation.

However, the reduction has not induced the other shipowners as they consider such action as not profitable. Some of the ships were planning to join the Hongkong-Canton or the Hongkong-Swallow.

Commercial Cargo

The amount of commercial cargo hauled into and out of the Colony in May by the 1,092 sea-going and river vessels totalled 33,518 tons (deadweight) excluding H.M. Force and Government stores, which showed an improvement of 27,347 tons, or 9 percent over the previous month.

Details were:—220,097 tons discharged and 97,378 tons loaded by ocean-going vessels; 10,335 tons discharged and 9,708 tons loaded by river ships.

Passengers

The number of passengers arrived from and left the Colony for abroad by these 1,092 ocean-going and river vessels registered a very heavy drop of 53,902 persons, or 30.4 percent against the previous month, decreasing from April's 179,932 to 126,030 passengers in May.

Details were:—Arrivals: 22,511 by sea-going ships and 39,978 by river boats; Departures: 25,139 by ocean-going vessels and 38,402 by river craft.

Bunker Coal & Oil

The 1,092 ocean-going and river ships bunkered 11,148 tons of coal and 16,956 tons of oil. The former loaded 8,731 tons of coal and 15,743 tons of oil and the latter took on 2,417 tons of coal and 1,213 tons of oil.

JUNKS & STEAM LAUNCHES

The total tonnage of junks and launches engaged in foreign trade with South China river ports and Macao in May amounted to 210,224 tons, showing a decrease of 23,991 tons, or 10 percent against the previous month.

These junks and launches carried into and out of the Colony a total of 32,268 tons of commercial cargo and 6,857 passengers in the current month, which were respectively 2,137 tons and 12 passengers less than April. Of the passengers, 1,725 were arrivals and 5,132 were departures.

In April 882 junks, launches and other type of craft were licensed by the Marine Department. These included 8 motor junks and 50 launches and motor boats.

Following are the returns of motor and sailing junks and launches under 60 tons each engaged in foreign trade with South China river ports and Macao in May:

	ARRIVALS	
	Tonnage Of Vessels	Tonnage Of Cargo
Junks	103,048	26,963
Launches	3,732	278
Total	103,780	27,241

	DEPARTURES	
	Tonnage Of Vessels	Tonnage Of Cargo
Junks	99,938	4,691
Launches	3,506	336
Total	103,444	5,027

HONGKONG SHIPPING RETURNS FOR THE MONTH OF MAY (1) OCEAN STEAMERS

Flag	Arrival		Departure		Total	
	No.	Tonnage	No.	Tonnage	No.	Tonnage
British	91	241,446	98	265,949	189	507,395
American	35	182,464	35	194,437	70	376,901
Chinese	44	53,655	44	59,022	88	112,677
Danish	10	39,815	10	37,394	20	77,209
Dutch	20	102,072	23	114,539	43	216,611
French	2	8,574	3	10,449	5	19,023
Norwegian	25	53,014	26	53,558	51	106,572
Panamanian	8	24,420	6	10,621	14	35,041
Philippine	5	10,615	6	11,611	11	22,226
Portuguese	3	4,813	2	4,330	5	9,143
U.S.S.R.	2	7,553	1	3,825	3	11,379
Swedish	5	14,781	2	6,964	7	21,745
TOTAL FOREIGN	159	501,776	158	506,751	317	1,008,527
Total	250	743,222	256	772,700	506	1,515,922

(2) RIVER STEAMERS

Flag	Arrival		Departure		Total	
	No.	Tonnage	No.	Tonnage	No.	Tonnage
British	188	89,942	188	89,913	376	179,855
Chinese	104	21,190	103	21,584	210	42,774
Total	292	111,132	294	111,497	586	222,629

HONGKONG SHIPPING RETURNS FOR THE FIRST FIVE MONTHS OF 1948

During the first five months of 1948, a total of 7,588,475 tons of ocean-going and river shipments entered from and left the Colony for abroad. An average of 1,317,695 tons of shipping used the local harbour every month.

These 3,589 ocean-going and river steamers hauled into and out of the Colony 1,485,748 tons (deadweight) of commercial cargo, excluding H.M. Forces and Govt. stores, and 639,597 passengers.

OCEAN & RIVER STEAMERS

—for the first five months of 1948—

	Total Tonnage		Passengers	
	Arr.	Dep.	Arr.	Dep.
Jan.	723,383	687,156	54,817	52,242
Feb.	638,558	653,780	43,789	42,290
Mar.	821,519	821,526	72,394	68,112
Apr.	774,361	729,641	93,423	86,509
May	854,354	884,197	62,489	63,541
Total	3,812,175	3,776,300	326,903	312,694

COMMERCIAL CARGO

Following is a summarised table showing the total tonnage of commercial cargo, excluding H.M. Forces and Govt. stores, discharged and loaded in the Colony by ocean-going and river steamers in the first five months of 1948:—

	Discharged	Loaded
January	192,385	96,892
February	227,938	83,629
March	149,273	87,942
April	232,384	77,787
May	230,432	107,086
Total	1,032,412	453,336

JUNKS & LAUNCHES

With an average of 223,989 tons per month, the total tonnage of junks and launches in foreign trade with South China river ports and Macao during the first five months of this year amounted to 1,119,946 tons.

The junks and launches brought from abroad and departed from the Colony with a total of 191,217½ tons of commercial cargo and 32,012 passengers during the January to May period.

Following are the returns of motor and sailing junks and launches under 60 tons each in foreign trade with South China river ports and Macao in the first five months of 1948:—

		ARRIVALS	
		Tonnage of Vessels	Junks
January	5,132	117,447	
February	4,163	85,351	
March	4,826	117,421	
April	4,903	109,268	
May	3,732	103,048	
Total	22,756	532,535	
		Tonnage of Cargo	
January	149½	37,426	
February	33	25,008	
March	142¼	31,994	
April	162½	29,165	
May	278	26,963	
Total	770¼	150,556	
		DEPARTURES	
		Tonnage of Vessels	Junks
January	5,493	117,862	
February	3,694	87,947	
March	4,676	121,495	
April	4,555	115,489	
May	3,506	99,938	
Total	21,924	542,731	
		Tonnage of Cargo	
January	428	11,206	
February	421	10,531	
March	402	6,797	
April	140½	4,937	
May	336	4,691	
Total	1,727½	38,162	

HONGKONG FREIGHT RATES FOR EUROPEAN PORTS

The Far Eastern Freight Conference, Hongkong area, has notified shippers of new tariff rates for freight to European and Mediterranean ports which will come into force as from June 21. Members of the Conference are the following ocean lines:—American President Lines (only as far as their fortnightly combined passenger and cargo service is concerned), Ben Line, Ellerman & Bucknall, Glen Line, Ocean Steamship, P. & O. S.N. Co., Chargeurs Reunis, Messageries Maritimes, Holland Oost Azie Lijn, East Asiatic Co. of Copenhagen, Swedish East Asiatic Co. of Gothenburg, Wilhelmsen, and the China Merchants S. N. Co.

Rates (minimum) are charged either per measurement ton of 40 cubic feet, or per weight ton of 20 hundred-weight (cwt), or ad valorem.

Except for net rates which are in force with regard to a few commodities, all gross tariff rates are subject to a 10 per cent. rebate if made on contract (deferred rebate system) or otherwise to a 9½% cash discount.

All lines accept forward booking of freight. Shippers either prepay freight or it is paid at destination with the exception of oil in bulk and of cargo to France, Italy, Spain, North Africa and South America when freight has to be prepaid in Hongkong.

Oil in bulk is subject to an additional fee and freight is calculated at the rate of 20 cwt (112 lbs. or 50.8 kgs) per ton.

Shipped Bills of Lading are only signed after goods have been loaded and against exchange for Mate's Receipt; no B/L are predated.

The Sworn Measurers & Weighers in Hongkong, measure and weigh all cargo for shipment by Conference lines and also, by request, all commercial cargo imported into or to be exported from the Colony irrespective of shipping lines being members or not members of the Conference.

Minimum Freight Rates per Bill of Lading to a direct European port £3, to a North African port £4, for transshipment port in Europe £5 (all rates subject to rebate).

Basic Rates on Commercial Cargo for Shipment from Hongkong.

(Note: the letter "M" stands for measurement ton, the letter "W" for a ton of 20 cwt shipped).

A number of European ports charge some additional rates per ton, e.g. Alexandria 25/- for general cargo, Copenhagen 10/-, Istambul 16/-, Trieste 30/- for general cargo.

Rates in English shillings per M. or W. —

Agar agar 217/6 M., Aniseed, in cases, 200/- M., Antimony regulus and crude 130/- W.

Bamboo baskets 132/- M., Bamboo poles 424/6 W., Bambooware 163/- M., Blackwood ware 204/- M., Bristles 75/- M.W., Buttons 195/- M.,

Camphor 203/- or 3% ad val.

Camphorwood trunks 198/- M., Canes with roots (without roots) 484/6 (324/6) W., Canned foodstuffs 132/- M., Cassia lignea, in bales or cases 110/- M.,

China clay 75/- W., China grass (ramie) 120/- M., Chinaware (porcelain) 204/- M., Copra in bags or bulk 150/- W.,

Cotton goods and piece goods 143/- M., Cotton yarn 143/- M., Curios 224/- M. or 3% ad val.

Feathers, in bales, 300/- M., in cases 325/-, Firecrackers 300/- M., Flasks, vacuum or thermos 120/- M., Furniture, rattan or seagrass 116/- M.,

Gallnuts in cases, 140/- M., Ginger, in cases or casks, 115/- M., in bags 240/- W. Gunny bags 119/- M.,

Human hair 350/- M., Goat hair 198/- M., Hats rush 198/-, straw 179/- M., Hides 440/- W.,

Intestines 290/- M., Jute raw 110/- M.,

Knitted goods 198/- M., Lamps and lanterns 145/-, lanterns (wood) 198/- M., Linen Goods 240/- M. plus 2% ad valorem.

Mats and matting 96/- M., Menthol 375/- M. or 3% ad val., Motor cars up to 2 tons, packed, 115/-, unpacked 155/- W.M., Needles, sewing, 195/- or 3% ad val.,

Oils:—coconut 100/- W., rapeseed 175/- M., sesamum seed 175/- M., teneed 155/- M., tung or wood 214/- M.: oils in bulk, per 20 cwt, coconut 127/6, rapeseed 135/-, teaseed 144/-, tung 214/-,

Ores:—per W., antimony 105/-, iron 90/-, wolfram 160/-.

Paints 179/6 M., Paper in bales and reels 155/- W., Pepper 228/- W.,

Rattan core and peel (in wrapped bales) 400/- W., rattanware 137/- M., Rayon goods and piece goods 195/- or 3% ad val., Rubber 168/- M., rubber shoes 152/6 M.,

Silk 53/- per cwt. to London and Mediterranean ports, 70/- to Alexandria, different rates to N. European ports.

Tea and tea dust in cases, boxes, chests 140/- M., Tin ingots 225/- M., Wool 198/- M., etc. etc.

Valuable cargo pays 3% ad valorem.

* * * *

CHINA NAVIGATION CO. LTD.

The China Navigation Co. Ltd., for whom the firm of Messrs Butterfield & Swire are agents, is constructing six combined cargo-passenger ships and two freighters with a total tonnage of 39,000 gross and 36,000 deadweight.

The cargo-passenger ships are (gross tonnage in brackets):—Anking (8,000), Anshun (8,000), Changsha (6,500), Taiyuan (6,500), Chungking (4,000), Changchow (4,000). Passenger accommodation in first class: 50. The two new freighters, each of 3,000 tons, are: Fengtai and Funing.

The ships are being built both in the United Kingdom and at the Taikoo dockyards of Hongkong (also managed by Messrs Butterfield & Swire). The new ships will all be motorships with speeds up to 15 knots.

The British owned China Navigation Co. Ltd. maintains regular ocean communications in the Far East from Malaya and Indonesia to Japan and Korea. Principal ports of call are:—Singapore, Batavia, Bangkok, Saigon, Swatow, Amoy, Foochow, Shanghai, Keelung (Taiwan), Kobe.

The Company operates the principal Canton (Pearl) River line with two modern and large river steamers.

* * * *

INDO-CHINA STEAM NAVIGATION CO. LTD.

The business year of 1947 of the Indo-China S.N. Co. Ltd., of which Jardine Matheson & Co. Ltd. are the General Managers, has been satisfactory and profitable: the fleet has been further expanded and all ships were fully and remuneratively employed.

The total tonnage owned by the Shipping Company at present aggregates 44,500; the book value of the fleet stands at £736,741 (shore properties at £36,000). The Company's fleet averages 9 years of age and has an average book value of £16,11.0 per gross ton.

The ships of the Indo-China S.N. Co., being cargo boats with adequate passenger accommodation, maintain regular ocean communications in the Far East from India to Japan. Scheduled lines connect Calcutta via Singapore and Malayan ports with China ports, British North Borneo, Indochina (Saigon), Korea and Japan. Principal ports of call are: Kobe and Yokohama in Japan, Inchon and Pusan in Korea, Shanghai and Tientsin in China, Keelung in Taiwan, Saigon in Indochina, Sandakan in British North Borneo, and Singapore and Calcutta. The centre for the Company's activities is Hongkong.

Expansion In Far East.

Owing to the changed political conditions in China, primarily the refusal by the Chinese authorities to allow foreign companies to resume their pre-war services along the coast and on the Yangtze, as well as changes in the pattern of trade in the Far East, the Company has expanded its interests in South East Asia.

At the annual meeting of the Company, on May 28, the Chairman of the Board outlined, inter alia, the problems and the business of the Indo-China S.N. Co. Ltd. as follows:—

Much has been done during 1947 to re-organise the Company's affairs so as to meet the changed and changing situation brought about by political and economic developments and the restrictions which these have imposed on the movements of commodities and the resumption of normal commercial relations throughout the Far East. The Company has been able to keep the small fleet fully and remuneratively employed.

HONGKONG AVIATION REPORT FOR MAY 1948.

Air Traffic Returns for the first 5 months of 1948:—

Month	Civil Air Craft Numbers	Passengers Numbers	Passengers Numbers	Mail kilogrs.	Mail kilogrs.	Freight kilogrs.	Freight kilogrs.
	IN	IN	OUT	IN	OUT	IN	OUT
January	384	6,275	5,491	8,029	8,975	24,443	138,081
February	396	5,754	5,970	9,266	9,982	31,448	132,576
March	514	7,627	7,479	12,748	11,465	62,039	164,948
April	577	9,602	9,053	14,643	14,713	45,512	78,417
May	669	11,125	14,862	14,255	14,862	37,016	68,444
Total	2,540	40,383	42,855	58,941	59,997	200,458	582,466

For the first five months of 1948 the airport of Hongkong handled a total of 83,238 passengers; 118,938 kilograms of mail; and 783 metric tons of freight.

ARRIVALS FOR MAY 1948 Total number of aircraft:—669

Countries	Passengers	Mail	Freight
United Kingdom via Bangkok & ports	56	3,223	3,654
Europe via Bangkok & ports	3	—	3,212
Middle East via Bangkok & ports	12	6	154
Calcutta via Bangkok & China	37	80	1,353
Rangoon via Bangkok & China	19	76	48
Singapore	189	2,242	315
Bangkok	449	561	4,982
Saigon	242	289	200
Macau	375	—	—
Philippines	838	186	9,886
Japan via Shanghai & ports	7	8	146
Japan (direct)	30	419	89
U.S.A. via Manila & ports	43	190	5,958
Honolulu via Manila & ports	8	180	317
Australia (transshipment)	—	—	234
Shanghai (direct)	2,577	2,016	4,565
Canton (direct)	3,603	3,194	1,019
China via China ports	2,637	1,585	884
	11,125	14,255	37,016

DEPARTURES FOR MAY 1948 Total number of aircraft:—665

Countries	Passengers	Mail	Freight
United Kingdom via Bangkok & Ports	124	2,618	1,302
Europe via Bangkok & ports	19	13	131
Middle East via Bangkok & ports	5	—	699
Calcutta via Bangkok & China	58	336	167
Rangoon via Bangkok & China	20	8	319
Singapore	190	1,915	1,561
Bangkok	386	65	8,162
Saigon (direct)	282	215	601
Macau (direct)	378	—	—
Philippines (direct)	1,602	451	2,004
Japan via Shanghai & ports	30	706	1,795
U.S.A. via Manila & ports	158	1,040	561
Honolulu via Manila & ports	50	51	46
Australia	18	193	124
Shanghai (direct)	1,522	1,870	4,914
Canton (direct)	3,689	2,905	13,900
China via China ports	1,434	2,476	32,158
	9,965	14,862	68,444

High Cost of Operation.

Very high operating costs affect all aspects of ship management and, under the inflationary conditions throughout the world and the Far East in particular, they do not show any sign of diminishing. Practically every economic and social force is reflected in miniature in the complicated mechanical and social structure which makes up the modern ship which, as soon as she comes into being is faced with the task of replacing herself under different and unpredictable conditions two decades later.

New Ship Construction.

The Company is looking forward to the future and to the replacement of deficiencies. Decisions regarding building are very difficult at the present time and the costs are such as to deter many. Owing to the occupation of Hongkong and the consequent interruption in the normal management of the Company it was not possible to embark on a comprehensive building programme when the war finished.

An additional factor has been the uncertainty of the political situation in China and its influence on the future of trade and shipping, which position remains unchanged. But like other Liner Companies the Company must build ships to stay in business and therefore has placed an order with Messrs William Denny and Brothers for a new vessel for the Calcutta/Japan Line. The inability of shipbuilders to make quotations which will not be subject to violent fluctuations before delivery is a serious deterrent in the formulation of any more forward building programme.

Resumption of Philippine Tourist Traffic

The Philippine Government has stated that food supplies, transportation, and housing facilities are now adequate to accommodate visitors.

The U.S. Department of State has announced that passports will be issued for tourist travel to the Philippines upon assurance that the travellers have adequate maintenance while there.

British Life Float Equipped with Tent

A new type of life saving gear intended for the use of shipwreck survivors adrift at sea has been given sea trials in the Royal Navy. The Float is designed to provide shelter for ten men and will support them and only has to be inflated. When fully inflated it resembles a huge motor tyre fitted with a rubberised fabric floor and covered by a tent. An inflated cushion provides a dry seat insulated from cold temperature of the sea. Other features are a cantainer for food and water, visual and radar aids to location, a baler, sponge, paddles and bellows for inflating the cushions and topping up the buoyancy chamber.

Normally in a deflated state in a valise along with the equipment mentioned above, the total weight being 200 lbs and the space being only 3x2x1½ ft

EXCHANGE & FINANCIAL MARKETS

US\$ Transactions

Quotations were on the easy side with nothing tangible any more to support sterling devaluation reports, and gold importers were biding their time; on the other hand considerable overseas Chinese drafts were offered for sale but a relatively small turnover was reported in this line on account of the unattractive rate which was offered by native banks.

Sales in the local market last week amounted to: TT New York US\$886,000, Drafts 512,000 and Notes 167,000.

Highest and lowest local quotations were: Notes HK\$554-548; Drafts 559-550; TT 563-554 (US\$17.76 lowest and US\$18.05 highest per HK\$100). The highest and lowest cross-rates last week were: US\$2.84 and 2.89 respectively.

Gold Transactions

A quiet week with steady prices but increased exports to China.

Macao import licences are to be issued very shortly but importers feel that their profit margins are too insignificant to interest themselves for the time being in procuring the metal from abroad.

Considerable arrivals of gold by flying boats in Macao brought the current stock to the usual level of about 250,000 ounces in Macao and here.

Imports from Macao were unusually small, only about 12,000 taels were brought here, most of which for account of Hang Seng.

Exports to Shanghai were particularly brisk some 50,000 ounces having been shipped last week to the north.

From United States gold exports statistics for the week ending May 26th one gathers some idea of the current arrivals of gold in this part of the world; US exports during that week amounted to US\$208,213 worth of bullion shipped to Saigon, US\$55,056 to Manila, and US\$212,051 direct to Macao.

The local market transacted last week the following quantities in taels:- Spot inside the exchange 14,220; spot outside the exchange 28,820; forward market for delivery 285,080, and forward "paper bars" 391,050.

The highest price last week was HK\$334½ and the lowest 328¾, corresponding to cross-rates between US\$49¼ and 49¾. The Shanghai crossrate moved between US\$49 to 51.

Gold prices in Canton were on the whole like those in Hongkong but a premium of about \$2 was usually demanded.

The Shanghai market quoted prices slightly higher than Hongkong; in terms of CN\$ millions the week opened at 69 and every day saw increases until the week closed at 93 per troy ounce.

Gold in Macao costs between \$3 to 6 less than in the Colony which is due to the illicit transportation fees charged for carrying gold from Macao to Hongkong.

The Macao gold market transacts on the basis of HK\$ not patacas. The Macao pataca has appreciated during the last fortnight in terms of HK\$; whenever gold import licences are about to be issued the unofficial exchange rate between HK\$ and Macao pataca goes against HK\$ as it has been stipulated by the Macao Government that gold importers have to deposit, upon receipt of their licences, a certain amount in patacas only. As the note circulation in Macao is very small and the demand by gold importers for Macao notes far in excess of supply an officially sponsored black market rate for HK\$, discounting it at present by about 20%, has come into being since early this year.

Silver Transactions

Imports from Taiwan have been smaller than was anticipated in the previous week, however rather large shipments of silver in bars arrived here last week from Shanghai (about 40 to 50,000 taels). The regular sources, i.e. Canton, Macao and Swatow, continued sluggishly.

Total sales in the native market were: 76,000 taels, \$3,000 worth of dollar coins and \$141,000 worth of subsidiary coins. Market rates were excessive at \$4.10 per tael, \$2.60 and 2.06 respectively for dollar and subsidiary coins.

Prices abroad are unchanged, New York quoting 74-5/8 cents, and London 45d. per ounce spot and forward. At current rates as demanded by silver dealers no profitable business can be carried out.

Bank Note Markets

Indochina piastre had a weak market as merchant demand declined and speculative buying was by no means encouraged about the political developments and the progress of the new Vietnam Government. Nevertheless, there was sufficient speculative activity which is evidenced in the turnover figures of last week, viz. on the spot market 4,210,000 inside the exchange and 3,540,000 outside the exchange, while in the forward market 3,340,000 piastres were changing hands. On the average cash and forward notes sold at HK\$11½ per 100 piastres while the Ideo notes (withdrawn from circulation) went for \$9.

Large business was done in the guilder market especially in the Bank of Java notes which now circulate side by side with the postwar legal tender (Nica guilder). Java guilders still sell about 50 cents to 75 cents lower than Nica. Industrial rehabilitation in Indonesia and the prospects for increased foreign trade are regarded as very favourable and if there were no apprehensions about the political situation in the Indies merchants and speculators would build up reserves in guilders which should lead to a very strong tendency in this market.

No change occurred in the Pound note market with less interest shown in this counter.

Chinese Money Market

Last week witnessed another landslide in the value of CN\$ which at the close was quoted at CN\$2 million per US\$1 and CN\$333,000 per HK\$1. The Shanghai black market opened the week for US\$ at CN\$1½ million and day by day the exchange rate went up until CN\$2 million were reached.

Hongkong dollar opened at CN\$240,000 and subsequently every day brought higher rates with CN\$333,000 at the close.

In Canton HK\$ opened CN\$196,000 and closed CN\$270,000. The Canton market discounted Shanghai remittances throughout the week from 10 to 15%.

In the local market transactions were in spite of holidays record breaking: (in billions of Chinese dollars) TT Shanghai sold 1,683; TT Canton sold 755; Bank note market spot sales 1,104 and forward market 55.

At the opening of the week the local rate for Shanghai remittances stood at HK\$45 per CN\$10 million, but at the end of the week the rate had dropped to 30¾. The local Canton TT rate opened on Monday at HK\$48 but was down to 33¾ at the close.

The continual decline in the rate of CN\$ here and in China stunned bankers and merchants.

It has become a trite phrase to say that the people have lost all confidence in the Chinese currency; the wonder is that it is quoted even at current prices.

Even in terms of Taiwan dollar CN\$ is depreciating day by day. At the beginning of the week Taiwan \$1 was quoted at CN\$368 but at the close the rate had exceeded already 400.

* * * *

CANTON FINANCIAL NOTES

The acceptance of CN\$5,000 notes and lower denominations is now generally refused in Canton. At the rate of last week such note equalled less than 2 cents Hongkong money. Shopkeepers who still condescend to take such notes discount them at 20%. Thus one million CN\$ paid in 5,000 notes will only be accepted as valuing CN\$800,000. Even public utilities no longer allow the public to pay in 5,000 notes.

Petty exchange transactions, mostly in bank notes but also in gold and silver, are now carried out in Canton in dispensaries, drug stores and by small retailers in the city's principal streets. Native banks and exchange shops, besides being controlled by economic police organs, find much competition among these drug and other stores. The public, however, finds this service more convenient.

Seizures by the Canton police, gendarmes, Customs personnel and other legal organisations for the first 5 months of 1948 netted the following:— 378.8 taels of gold; HK\$3.6 million; Piastres 4,000; US\$249; and CN\$2.8 billion.

In addition to this amount in CN\$ which was seized in connection

with foreign exchange dealings, the Canton authorities have also confiscated during the period March to May CN\$7.9 billion; this latter amount was seized from Chinese travellers who carried within their own country higher amounts than were permissible. It is an offence in China today to bring more than a specified amount in notes from one city to another. Those who are caught and do not pay themselves free, lose all their paper hoards carried on the person.

The gold seizures during the first 5 months of this year were made in small lots, from 2 to 4 taels, and there was only one big confiscation involving 100 taels. Individual smugglers carrying gold out of Canton intended for Hankow were the common victims.

Informers obtain 40% reward of the official value of gold which is sold to Central Bank of China. The official rate is usually 20 or 30% of the black market price.

The official holdings of gold in Canton by brokers, dealers, banks and jewellers were stated to be 9,200 ounces only. Registered goldsmiths and dealers are 239. Accordingly, there should be only 38½ ounces of gold on the average in every goldshop of Canton. To judge by the ample supply from Macao which shows no sign of abating the stock of goldsmiths etc. in Canton is generally supposed to be much higher than appears from the official records.

* * *

PHILIPPINE GOVERNMENT TREASURY CERTIFICATES

In pursuance of a recent Act of the Congress of the Philippines, treasury certificates of the pre-war series by the Government of the Philippines will cease to be of legal tender after June 30, 1948.

Any person holding or possessing, in whatever capacity, treasury certificates of the pre-war series, must present the same on or before June 30, 1948, for exchange with treasury certificates of the Victory series, to the treasurer of the Philippines, to the treasurer of any province, chartered city, or municipality, or to any bank duly authorized to do business in the Philippines.

PHILIPPINE NATIONAL BANK

The annual report of the Philippine National Bank, recently approved by stockholders, showed a net operating profit of 5,418,350 pesos in 1947, com-

pared with 3,321,640 pesos in 1946. All of the Bank's 10 branches were in full operation during the year; agencies were increased from 46 to 48, and 1,009 subagencies throughout the Philippines were maintained in 1947, enabling the Bank to render service in small towns and rural districts. To accommodate expanding banking needs, 3 branches were opened in Manila.

The Bank reported a large increase in deposits, both in number and in amounts. Special mention was made of the increase in savings accounts in the head office from 29,236 involving a total of 11,005,000 pesos before the war, to 52,512 accounts involving an aggregate amount of 53,306,600 pesos on December 31, 1947.

The Philippine National Bank was designated the fiscal agent of the Republic in the United States by Executive Order No. 60, June 16, 1947. All fiscal functions formerly handled by the Philippine Embassy in Washington, D. C., were transferred to the Bank's office in New York City.

PHILIPPINE PLANS FOR INCREASED TAXATION

Plans for increases in internal-revenue taxes provide for collection of a part of the sales tax on imported goods on the landed cost at the time of importation. Under the Internal Revenue Code, the sales tax is payable on the value of the first sale, which presumably would be higher than the landed cost, and the amount of the tax paid at time of importation will be allowed as a deduction from the tax at time of sale. It is believed that collection of the tax in this manner may prevent a great deal of evasion, which is reported to exist. Sales taxes on imported goods are paid by the importer.

A bill has been drafted by the Department of Finance which would give the Philippine President power to increase or decrease the rate of sales taxes on luxuries on the basis of recommendations by a Commission to be appointed by him. Although the draft has received tentative approval of the Philippine Cabinet, it must be approved by the National Economic Council before being introduced into Congress. Reliable Manila sources indicate that not all the recommendations for increased taxation made by the Joint Philippine-American Finance Commission will be accepted, but the Administration is expected to propose an increase from 20 percent to 30 percent in the tax on luxuries, and from 10 percent to 20 percent on semiluxuries. The corporation tax, also, may be raised

from 12 percent to 15 percent, and upward revisions are anticipated in excise taxes on liquor and cigarettes, and in estate, gift, and inheritance taxes in the higher brackets.

* * *

Insurance Business in Hongkong & China

As regards Hongkong it can be said that since the re-occupation of the Colony, insurance generally in all classes has progressed in keeping with the reconstruction and development. It is to be expected that the premium income has increased since the values of property and commodities have likewise increased.

The Hongkong Insurance Companies are doing their best to see that property and commodity insurance are taken out for their present day value as one finds that former policy holders are apt to under-insure and thus lose the value of indemnity, (which is the true basis of insurance) should a calamity occur.

Fire Insurance

Hongkong has been comparatively free from fires during the past year and this fact may tend to make the small shop-keeper or small property owner decide not to effect fire insurance. This of course is very unwise when one considers the relatively small expense involved against such contingencies.

Motor Car Insurance

Automobile insurance has proved unprofitable all over the world for all Insurance Companies but in Hongkong there is hope that with the improved efficiency of the traffic police, and reconditioning of the Colony's roads to take care of the enormous increase in motor traffic, there will be some improvement in the loss ratio.

Stand-Still in China

In China the insurance business of Foreign Companies is practically at a stand-still as Foreign Insurance Companies are only permitted to underwrite business in terms of the inflationary Chinese Dollar and the Chinese Government does not at present permit exchange facilities for transmitting earnings to the Sterling Area.

— K. S. MacKenzie.

HONGKONG UNOFFICIAL EXCHANGE RATES (IN HK\$)

		CN\$ (per ten million)						S'hai Canton		US\$ (per 100)		Pound			
June	Gold per Tael	High	Low	Spot	High	Low	T.T.	T.T.	Notes	Draft	T.T.	I.C.	Guilder	Baht	Note
7	334½	330¾	49¼	48¼	47	44½	43	47½	552	557	561	11¾	44	26	13.3
8	331½	328¾	49¾	48	45¾	43	39½	43½	550	554	557	11½	44¼	26	13.3
9	329½	329¼	47	44¾	41¾	40	35½	39½	550	551	556	11¾	44¼	26	13.4
11	331¼	328¾	44½	39	39¾	37¼	33¾	37	552	552	557	11½	45	25¾	13.4
12	331½	328¾	38½	36½	36½	35	32	34¾	550	550	554	11½	47¼	25¾	13.4

"Exchange Surrender Certificates" in China

The premium paid by importers in China to exporters for "Exchange Surrender Certificates" increased much in terms of CN\$ against the previous week but in terms of foreign exchange, as valued at China's black markets (and CN\$ rates on foreign exchange markets like in Hongkong, New York), the premium declined.

While in the week ending June 5, the Certificate premium was considerably lower than the "open market exchange rate" of Central Bank of China (CN\$474,000 per US\$1), the progressive inflation and deterioration in China caused the further and very marked advance in the black market exchange rate and thus also increased the premium for Certificates to 20% over the so-called open market rate.

Increasing Premium and Central Bank Intervention

During last week the black market rates for foreign currencies went up day by day and all commodity prices moved up in similar proportions. The premium paid by importers in China for the Exchange Surrender Certificates represents another variable value in terms of the ever depreciating CN\$.

However, the Chinese state corporations and Central Bank of China can

easily intervene in the "Certificate market" as a large percentage of China's exports, from which the Certificates are derived, is managed and controlled by the Chinese state. Thus the premium currently paid by importers does not well represent the degree of financial deterioration. Central Bank's intention is to avoid too fast advances in the Certificate premium which is being done by selling Certificates to importers in large numbers.

Eventually, however, Central Bank will run short of Certificates, as obtained from state corporations, and will be compelled to let the rate of the Certificate premium finds its own and natural level.

Higher Certificate Premium

Last week rather chaotic conditions prevailed in Shanghai's financial markets. The exchange value of CN\$ appeared to be almost nonexistent. Under such conditions of confusion and perturbation no clear relationships between the black exchange rates and the Certificate premium could be established; moreover, Central Bank was still able to intervene and depress the premium in spite of the CN\$ crash on the black market.

In the previous week, ending June 5 (the first week of operation of the new

system of so-called export-import linking), the combined rate of "open exchange market rate" plus Certificate premium, on the average, was some 55% lower than the black market quotation. Last week, ending June 12, the combined rate of "open market rate" plus Certificate premium was, on the average, 65% to 75% lower than the black market rate.

The black market rate by the end of last week was 320% higher than the arbitrary, artificial and now meaningless "open market exchange rate" of Central Bank of China (in the previous week the black market rate was only higher by 180%).

It can be expected that the premium payable for Certificates will continue to rise in sympathy with the advance in black exchange and general commodity market quotations. However, the difference between the black market rate and the combined "open market" rate plus Certificates premium is bound to remain more or less the same as has been recorded during the first two weeks' operation of the so-called export-import link system.

Provided that Central Bank of China should increase the "open market rate" and the black market rate would not immediately spurt forward in a similar proportion, the premium of Certificates might temporarily decline.

Disappointment Among Traders

The trade has not found any real help in the new "kind of export-import link system" (as we referred to it in our last issue) and regards the cumbersome and for the common merchant, very complicated procedure in connection with dealings with appointed (licensed) banks as possibly a small step forward; but the promotion of China's exports—provided that they can be promoted under current civil war devastations and ever mounting inflation—has not been aided by the introduction of the scheme of "Exchange Surrender Certificates."

Sales of Exchange to Appointed Banks

The total amount of Certificates sold by exporters to appointed banks during the first week of operation (ending June 5) was US\$2.9 million. During the preceding four weeks of May the total amount of purchases recorded by appointed banks from exporters was US\$12.5 million, or a weekly average of US\$3.1 million.

It is unlikely that, on the average, heavier than usual exports will leave Shanghai as a consequence of the "export-import linking." For the first quarter of 1948 total China's recorded exports valued US\$45.8 m. and Shanghai's share in these exports was 63.8%; accordingly the monthly average, so far, for Shanghai's exports should be US\$9,742,000. A large amount of China's export business is being settled in Shanghai which accounts for the higher figures reported by banks as purchased by them from exporters and other persons (probably a small amount of inward remittances from overseas Chinese, American missionaries, U.S. military funds, etc.).

HONGKONG OFFICIAL EXCHANGE RATES

AGREED MERCHANT RATES

MAXIMUM SELLING		MINIMUM BUYING	
STERLING, 1/2 15/16	delivery within 2 months with a cut of 1/32 for every further 3 months forward.	1/3 1/32 T.T.	
—Do—		1/3 1/16 O/D.	
(East & South Africa)		1/3 3/32 30d/s.	
—Do—		1/3 1/8 60-90d/s.	
(West Africa & West Indies)		1/3 5/32 120d/s.	
RUPEES (India)	82 %	1/3 1/8 O/D if under L/Credit.	
—Do— (Rangoon)	82 %	1/3 3/16 O/D with L/Credit.	
—Do— (Aden)	82 %	1/32nd up every 30d/s.	
STRAITS \$	52 7/8	1/3 5/16 O/D if under L/Credit.	
U.S.\$ 24 15/16	delivery within 2 months with a cut of 1/16 for every further 3 months forward.	1/3 3/8 O/D with L/Credit.	
CANADIAN \$		1/32nd up every 30d/s.	
U.S.\$ NOTES		83 % T.T.	
AUSTRALIA, 1/8 1/2		84 O/D.	
NEW ZEALAND, 1/8 7/16		84 1/4 7 & 30d/s.	
		84 1/4 60d/s.	
		84 3/4 80d/s.	
		All buying rates	
		3/16th higher than India.	
		84 1/4 O/D if under L/Credit.	
		84 3/4 O/D without L/Credit.	
		84 3/4 30 & 60 d/s.	
		53 1/2 T.T. & O/D.	
		53 3/4 30 & 60 days	
		25 1/4 T.T.	
		25 5/16 O/D—30d/s.	
		25 3/8 60—90d/s.	
		25 % (Banks to pay Instr. ance and Postage).	
		1/8 1/2 T.T.	
		1/8 15/16 O/D.	
		1/8 13/16 T.T.	
		1/8 7/8 O/D.	

Transferable Sterling for Imports from the European Continent

Many potential importers of Continental European commodities have been during this year unable to obtain from Hongkong Exchange Control the permission to transfer sterling for the purpose of paying the Belgian or Swiss or other exporters of semi-hard currency areas. Eventually, an increasing percentage of imports from semi-hard European currency areas has been shipped here without importers and consumers enjoying the benefit of official exchange allocation (permission to transfer sterling to countries in Europe).

All sterling transfers other than within the sterling area require the permission of the Exchange Controller who uses his own discretion in granting or refusing or limiting sterling transfers. When adequate foreign exchange resources are available in London for financing of Hongkong imports from Europe the local Control is not withholding permissions. In the reverse case, however, when the balance of trade with the sterling area turns favourable for one or more European countries, the husbanding of exchange resources must be carefully planned and allocations limited to essentials.

Semi-hard currency areas in Europe are at present Switzerland, Sweden, Italy, Portugal, Belgium and the Anglo-US controlled part of Germany (Bizonia). Imports from these countries should be restricted to the commodities of real essentiality, and the local Exchange Control will permit transfers of sterling only if it is satisfied that such commodities are urgently required for the industry or housing construction and other essential business of the Colony.

For all practical purposes of the Colony and its entrepot business the semi-hard currency of the Portuguese escudo can be ignored as there is hardly any trade carried on between Portugal and Hongkong.

Germany (Bizonia) is as yet far from being able to re-enter the trade in the Far East and very little necessary commodities can at present be purchased there (all imports from Bizonia are payable in US\$ under a financial agreement between the British and U.S. governments).

The importance of Belgium and Italy as suppliers of many and essential raw materials and manufactured goods has grown since last year; unfortunately, the U.K. balance of trade with these two nations remains unfavourable and no immediate improvement can be foreseen. Hongkong will be able only to permit relatively small sterling transfers for imports from Italy and Belgium; any excess requirement, even for Hongkong's use, will have to be financed from open funds, i.e. at a heavy premium over the official sterling rate.

Belgian supplies of building construction materials, of chemicals and dyestuffs have gained a prominent position in the Colony's trade. As far as such supplies are of essential importance for the successful continua-

tion of the program of housing construction, for the textile industry and other production in the Colony an adequate amount of sterling will always be available to pay Belgian exporters. But if these supplies should become increasingly available from U.K. or other sterling area manufacturers there should be no need to apply here for a larger amount of Belgian exchange.

The other European countries with whom Hongkong has been developing a good volume of business are Holland, France, Norway, Denmark, Finland, Austria and Czechoslovakia.

Business with Eastern European countries has not yet resumed due, no doubt, to the lack of interest on the part of Eastern Europe to enter into commercial relations with the Far East. Spain is also of very little importance in the international commerce of Hongkong.

As for imports from Holland and France there should be experienced only little difficulty to obtain the Ex-

change Control's permission to transfer sterling for any legitimate trading purposes. Both countries continue with a large trade deficit as regards the sterling area. The same, although with some reservations, holds good with regard to Norway, Denmark, Finland, Austria and Czechoslovakia. It is up to the Control to exercise its discretion at certain times and in certain cases. Some applications for sterling transfer to Finland and Czechoslovakia were recently refused.

While in principle sterling is transferable to every country in Europe (and for that matter, in the world) every intended transfer outside the sterling area requires the prior permission of the Exchange Control. As British exports are increasing from week to week and the balance of foreign payments of Britain improves, furthermore, the exports of sterling area countries to Continental Europe gain in momentum, the time is near when the present state of semi-hardness of several European countries will grow much softer. Until that time, however, it will be inevitable to curtail one's requirements of especially Belgian, Swiss and Italian imports.

HONGKONG STOCK & SHARE MARKET

Less interest was evinced in the market during the week, June 7 to June 11. There was an official holiday on the 10th (King's Birthday), and the 11th was the Chinese Double Fifth or Dragon Boat Festival. With few exceptions prices moved fractionally lower in comparatively small volume.

Apart from the holidays another distracting factor was the opening of subscription for 301,144 shares of a new Company formed under the aegis of the China Provident Loan and Mortgage Company Ltd., styled the NORTH POINT WHARVES LIMITED. Subscription was limited to banking hours on the 7th only, and was oversubscribed by about 50%.

Total sales reported amounted to 75,552 shares of an approximate value of \$2 millions, a decline of over \$3 millions compared with the previous week.

Featureless Market

Conditions generally were reported to have been dull and featureless during the whole period, with buyers more or less holding the upper hand. This contrasts with the feeling prevalent in some quarters of the possible devaluation of the Hongkong \$ which, obviously, have been caused by rumours devoid of foundation. Needless to say, the system of control under which the HK\$ is issued operates soundly, efficiently, and effectively, and there is no reason why it should be detached from its present equivalent of 1/3.

Marketwise there were no stimulating rumours to affect the hesitant mood of operators. Rumours of possibility of devaluation of sterling, which were providing some incentive, have now been squashed. The likelihood of

this eventuating is now felt to be somewhat remote, in view of the fact that at the present time Britain is selling ALL her exportable products and devaluation would only worsen her economy.

This coupled with the rumoured early possibility of China reverting to a silver backed dollar may lessen the activity in the gold bullion market and witness the return of speculators to the share market.

Responsibility of local Company Directors

To maintain the interest of investors and speculators alike, however, requires the dissemination of authentic working results of local companies at least quarterly. There can be no valid reason for directors of local companies withholding this information from their shareholders. Times have changed even in Hongkong.

An alteration of the time-worn policy of publication of working results once every twelve months is opportune. It needs a leader. The one taking the initiative will earn the gratitude and confidence of all its shareholders and the investing public of the Colony.

Price index

The Felix Ellis price index of twelve representative active local stocks showed a net loss of .33 for the week, or a loss of about a third of the gains of the previous week. Day-by-day his averages were: June 7, 146.51; June 8, 146.47; June 9, 146.39; June 11, 146.33. The High and low for 1947 were 155.82 and 123.88 respectively. The High for 1948 was 148.68 on February 12, while the low was 143.56 on April 16.

Dividend of H.K. Electric Co.

The HONGKONG ELECTRIC Co. have declared an interim dividend of 80 cents per share less tax payable on and after July 15th. This will involve a total net distribution of \$1,512,000 which compares unfavourably with the total net payment for the first half of last year, namely, \$2,295,000. The higher dividend last year was probably due to the fact that more funds were available for appropriation by reason of the passing of a dividend for account of 1946. While disappointment will be felt by some shareholders at the reduced dividend, it is generally known that the company's progress has been retarded by the long delivery dates for fulfilment of orders for new plant and machineries, most of which should be received during the first half of next year.

Withholding of Information from the Public

In this connection mention must be made of the refusal of Hongkong Electric Co. to divulge to the public even elementary information, particularly the amount of units sold every month or every three months, and the peak load carried at the moment.

A public company enjoying the franchise for operation of an electric power generating and distributing company should be obliged to publish for the information of the general public and its shareholders as well all necessary data, a practice which is being observed in every civilised community.

The H.K. Electric Co. believes that by publishing once a year its annual report it has discharged, as far as public information is concerned, its duty towards the community. This is not so.

The importance of regular publication of figures of a city's power generation, of rates for domestic and industrial use, and of the increase (if any) in the peak load cannot be overemphasised in a progressive community. It is hoped that the H.K. Electric Co. will rectify its present policy of withholding the required information from the general public.

Business Done

BANKS: H.K. BANKS @ 2165.
INSURANCES: UNION @ 787½.
786; UNDERWRITERS @ 7.40, 8, 8.40, 8.20;
SHIPPING: DOUGLASES @ 240;
U. WATERBOATS @ 37.
DOCKS & GODOWNS: WHARFS Old @ 156, 157; New 100.99; DOCKS @ 33¼, 33; PROVIDENTS @ 25, 24; H.K. MINES @ 02½.
HOTELS & LANDS: H.K. HOTELS @ 18.40, 18.30; H.K. LANDS @ 84½, 84; SHANGHAI LANDS @ 6.
UTILITIES: H.K. TRAMS @ 24, 23.85, 23.90, 23.80; PEAK TRAMS @ 22¼; STAR FERRIES @ 130, 131; H.K. ELECTRICS @ 50½, 50¼, 50½, 50¼, 50, 49¾, 50; MACAO ELECTRICS @ 20½; TELEPHONES @ 45¼, 45¼, 44¾, 44½.

TELECOMMUNICATIONS DEVELOPMENTS IN THE SHANGHAI AREA

(A Report by Richard E. Kleinhans, American Consulate General, Shanghai)

The year 1947 was an eventful one in the field of telecommunications in the Shanghai area. Good progress was made in the rehabilitation and expansion of international facilities, although the ravages of the civil war took a heavy toll on the nation's domestic system.

Land lines were repeatedly destroyed, replaced, and destroyed again, and wholesale "appropriations" of wire and other essentials made the problem of supply most difficult.

The Chinese Ministry of Communications was forced to turn more and more to the use of radio-

phone as a means of communication between the principal cities, and by the end of 1947 such service had been established between Shanghai and eight of the principal cities of China. Owing to the shortage of equipment, service was staggered, with individual circuits usually available for an hour or so daily.

In the field of radio broadcasting, the policy of excluding foreign capital and interest continued in force and during most of the year the only commercial English-language programs on the air were those of Station XORA at Shanghai and one other at Chungking.

The highlight of the year in international telecommunications was the re-establishment in July of radiophone service between Shanghai and the United States. Service was good and traffic continued heavy, with the volume of east-bound traffic about six times that of west-bound. Inauguration of Shanghai-Manila radiophone service is expected in the near future—also between Shanghai and Hongkong and Shanghai and London. Phone service between Shanghai and Canton was ready for test on January 10 and was to be inaugurated shortly thereafter.

A number of additional radiotelegraph circuits were established throughout the year, connecting Shanghai with Batavia, Manila, Rio de Janeiro, and Buenos Aires; additional circuits for Lima, Ankara, and Seoul were projected for 1948. On January 1, 1948, direct circuits were established with Stockholm and Oslo, and plans are under way for Brussels and Beirut. A Honolulu circuit was scheduled for testing in February, with Amsterdam following later. The Chungking branch outlet was closed and the equipment transferred to Nanking, from which city a London circuit was established. Peiping and Tientsin were linked with Nanking, thus relieving the extreme congestion that formerly existed when all international traffic between the northern cities and the United States was routed through Shanghai.

The submarine cable lines which linked Shanghai with world centers before the war are not yet restored to service. Negotiations are reported under way, but the date of probable re-opening is unknown.

A Shanghai-San Francisco radiophoto circuit has been undergoing preliminary tests but was not ready for commercial service at the year's end.

The volume of international traffic dropped noticeably throughout 1947, largely because of the falling off in trade which resulted from the application of strict import regulations and other factors.

Telecommunications traffic steadily decreased to the point where, in November, it was roughly 60 percent of the 1946 level. Technical improvements, such as the multiplex system recently installed on the RCAC circuit, provided additional capacity.

INDUSTRIALS: CEMENTS @ 46½, 46¾, 46½, 46¼. ROPES @ 18½.
DAIRY FARM @ 51¼, 52; WATSONS Old @ 58¼, New 55-3/4. 55.
STORES: LANE CRAWFORDS @ 56½, 57, 56½; Wm. POWELLS @ 13.
COTTONS: EWOS @ 21.

General Accident, Fire & Life Assurance Corporation Ltd.

The business year of 1947 was most successful for the General Accident, Fire & Life Assurance Corp., a Scottish enterprise of world wide importance with large interests in Hongkong, China and the Far East. The Corporation brought to the U.K. during last year US\$12½ million (almost 11 million having come from business conducted in the U.S.) in remittances from its overseas branches and subsidiary companies. As the Chairman (Mr. F. Richardson) of the "General" explained at the annual meeting—"These dollars, have been gained without making any demands on this country's internal economy. Nothing has been exported except the reputation of British insurance for fair dealing and reliability."

The total income from all sources amounted to £18.4 million in 1947. A synopsis of the progress of business follows:—New Life business. £2,452,115 (up £316,266); total net life premiums, £828,559 (up £84,771); net premium income Accident and General Department, £14,077,132 (up £2,542,159); net premium income Fire Department, £1,507,694 (up £171,499); net premium income Marine Department, £713,036 (up £281,303); total premium income, £17,401,565 (up £3,243,312); free interest, dividends and rents, net £318,739 (up £23,324); net income from all sources, £18,422,062 (up £3,170,069); total assets, £34,741,789 (up £3,470,523).

The Corporation's Hongkong agents are James H. Backhouse, Ltd., for all general insurance, and Alex. Ross & Co., (China) Ltd., for motor insurance.

THE FOREIGN TRADE OF CHINA FOR THE FIRST QUARTER OF 1948.

Principal exports from and imports into China

(Concluded from the issue of June 9, No. 23)

China's principal EXPORT groups are the following six, which together accounted for 74.1% of total exports of China for the period January to March 1948.

1.- Animals and animal products (not including hides, leather, furs) and fishery and sea products—mainly Bristles—

January	US\$ 2,920,000
February	" 2,209,000
March	" 2,790,000

Total US\$ 7,919,000
or 17.3% of total exports

2.- Oils, tallow and wax—mainly tung oil—

January	US\$ 2,939,000
February	" 3,389,000
March	" 2,238,000

Total US\$ 8,566,000
or 18.7% of total exports

3.- Textile Fibers—mainly raw silk—

January	US\$ 2,078,000
February	" 372,000
March	" 483,000

Total US\$ 2,933,000
or 6.4%

4.- Yarn, thread and plaited and knitted goods

January	US\$ 1,226,000
February	" 822,000
March	" 1,297,000

Total US\$ 3,345,000
or 7.3%

5.- Piece Goods

January	US\$ 3,520,000
February	" 2,152,000
March	" 2,766,000

Total US\$ 8,438,000
or 18.4%

6.- Ores and metals

January	US\$ 795,000
February	" 879,000
March	" 1,055,000

Total US\$ 2,729,000
or 6%

China's principal IMPORT groups are the following 11, which together accounted for 80.1% of total imports.

1.- Raw Cotton, Cotton yarn

January	US\$ 473,000
February	" 1,866,000
March	" 2,993,000

Total US\$ 5,332,000
or 8.1%

2.- Flax, Ramie, Hemp, Jute

January	US\$ 454,000
February	" 500,000
March	" 961,000

Total US\$ 1,915,000
or 2.9%

3.- Wool and manufactures

January	US\$ 768,000
February	" 357,000
March	" 606,000

Total US\$ 1,731,000
or 2.7%

4.- Metals & Ores

January	US\$ 1,825,000
February	" 1,401,000
March	" 2,761,000

Total US\$ 5,987,000
or 9.1%

5.- Machinery & Tools

January	US\$ 2,471,000
February	" 1,387,000
March	" 3,397,000

Total US\$ 7,255,000
or 11%

6.- Miscellaneous Metal Manufactures

January	US\$ 1,095,000
February	" 443,000
March	" 1,252,000

Total US\$ 2,790,000
or 4.2%

7.- Cereals & Flour

January	US\$ 299,000
February	" 33,000
March	" 3,495,000

Total US\$ 3,827,000
or 5.8%

8.- Chemicals & Pharmaceuticals

January	US\$ 1,544,000
February	" 850,000
March	" 1,277,000

Total US\$ 3,671,000
or 5.6%

9.- Dyes, Paints

January	US\$ 945,000
February	" 607,000
March	" 1,232,000

Total US\$ 2,784,000
or 4.2%

10.- Gasoline, Kerosene, Fuel Oil etc.

January	US\$ 4,287,000
February	" 2,903,000
March	" 5,948,000

Total US\$13,138,000
or 20%

11.- Paper, pulp, books

January	US\$ 1,263,000
February	" 1,028,000
March	" 1,992,000

Total US\$ 4,283,000
or 6.5%



Principal Exports from China during the First Quarter 1948.

Living Pigs—132,888 mainly to Hongkong.

Living Poultry—877,456 of which 770,296 to Hongkong and 105,450 to Macao.

Fresh Poultry Eggs in shell—67,494 mille mainly to Hongkong.

Duck Feathers—7,096 quintals of which 4,236 to Hongkong and 2,524 to U.S.A.

Goose Feathers—2,096 quintals of which 1,963 to U.S.A.

Horse Hair—402 quintals all of which to the U.S.

Human Hair—582 quintals of which 198 to Hongkong and 331 to the U.S.

Goat & Sheep Intestines—276 quintals almost all to the U.S.

Pig Intestines—2,254 quintals to the following countries: Belgium 490; France 135; U.K. 388; Hongkong 111; Italy 231; Holland 468; Norway 135; Switzerland 112; USA 125.

Goat Skins, undressed—394,921 pieces most of which to U.S.A.

Kidskin—352,433 pieces all of which to the U.S.

Lamb-skins—312,940 pieces almost all to the U.S.

Weasel Skins—698,534 pieces all to the U.S.

Fresh and Frozen Fish—1,592 tons almost of which to Hongkong.

Yellow Soya Beans—2,522 tons of which 2,120 to Japan and the rest to the Philippines.

Cotton Seed Cake—10,761 tons to Belgium, Denmark, Sweden and Holland.

Nutgalls—214¼ tons most of which to Hongkong.

Fresh Oranges—2,193 tons of which 844 to Hongkong, 924 to Malaya, 214 to U.K., etc.

Dried Fruits—8,178 quintals of which over two-thirds to Hongkong.

Fresh Fruits—43,546 quintals most of which to Hongkong.

Cassia Lignea—7,319 quintals of which 2,857 to Hongkong and 4457 to Macao.

Medicinal Substances—11,059 quintals most of which to Hongkong.

Vegetable Oils:

Cotton Seed Oil—304 tons all to the U.S.

Groundnut Oil—412 tons most of which to Switzerland.

Teaseed Oil—447 tons of which 345 to Hongkong, 101 to Switzerland.

Rapeseed Oil—4,567 tons of which 1,408 to U.K., 3,101 to Hongkong.

Essential Oils—154 tons of which 125 to Hongkong.

Shelled Groundnuts—3,632 quintals almost all of which to Canada.

Melon Seeds—3,128 quintals of which 1,163 to Hongkong, 1,516 to Philippines.

Sesamum Seeds—4,165 quintals to Hongkong and France.

Chinese Wine (Medicated Samsu)—2,111 quintals almost all to Hongkong.

Sugar—10,403 tons of which 1,318 to Hongkong and 7,112 to Japan.

Tea:—Black Congou 4,449 quintals of which 1,420 to U.K., 1,151 to Malaya. Other Black Tea 10,351 quintals of which 1,627 to Hongkong, 4,000 to the USA, 2,433 to USSR. Green Tea 15,455 quintals of which 3,065 to Morocco, 7,221 to Soviet Union.

Leaf Tobacco—1,599 quintals of which 1,106 to Egypt.

Fresh Vegetables—14,894 tons most of which to Hongkong.

Cotton Waste—1,961 tons all to the US.

Ramie—246 tons of which 122 to Japan, 69 to US.

White Raw Silk—148 tons of which 18 to Burma, 2 to Indochina, 1 to UK, 17 to India, 13 to US, 95 to USSR.

Waste Silk—140 tons of which 40 to Belgium, 36 to France, 14 to UK, 31 to Hongkong, 10 to Italy, 6 to US.

Camel Wool—637 quintals most of which to UK.

Goat's Wool—1,086 quintals most of which to US.

Sheep's Wool—8,853 quintals most of which to US.

Cotton Yarn—1,994 tons of which 326 to Egypt, 914 to Hongkong, 114 to India, 104 Netherlands Indies, 121 to Philippines, 190 to Siam.

Cross-stitch Work and Embroideries 635 quintals of which 375 to US, 173 to Hongkong.

Cotton Drills & Jeans—732 quintals most of which to Hongkong.

Cotton Shirtings & Sheetings—34,769 quintals of which 3,056 to Eden, 3,467 to Arabia, 2,241 to British East Africa, 12,390 to Hongkong, 1,097 to India, 5,749 to Philippines, 3,753 to Siam, 1,371 to Malaya. (In 1947 first quarter China exported only 118 quintals).

Cotton Piece Goods—3,172 quintals of which 499 to British East Africa, 1,040 to Hongkong, 1,102 to Philippines.

Woollen Carpets—2,233 quintals most of which to the USA.

Clothing—7,550 quintals of which 2,221 to Hongkong, 4,628 to Philippines.

Ores and Metals:

Wolfram Ore—2,192 tons of which 1,003 to Hongkong, 200 to UK, 989 to the US (1,189 tons were shipped from Shanghai, the rest from Canton).

Antimony Regulus—1,722 tons of which 20 to Belgium, 35 to Germany, 1,117 to Hongkong, 25 to India, 525 to US. (605 tons were shipped via Shanghai, and 1,117 via Canton).

Tin Ingots & Slabs—801.6 tons all of which to Hongkong, shipped from Canton 584.6 tons and Kunming 217 tons.

Fine Chinaware—19,703 quintals mostly to Hongkong, Siam and Malaya (18,228 being shipped from Swatow).

Salt—7,851 tons all of which to Japan, originating from Taiwan.

Hats:

Buntal Fibre—164,026 pieces most of which to the US.

Hemp Fibre—799,557 pieces most of which to the US.

Straw—178,676 pieces most of which to US and Australia.

Firecrackers—3,215 quintals most of which to Hongkong.

Hair Nets—made of human hair—155,040 gross of which 129,644 to US and 13,105 to Hongkong.

The two principal export items of China in 1948 as in previous years were TUNG OIL and PIGS' BRISTLES.

Total TUNG OIL exports during the first quarter of 1948 aggregated 20,557 tons, shipped to the US (11,043 tons) and to Hongkong (9,496). In the same

period of 1947 China exported, officially recorded, 14,920 tons.

Total BRISTLE exports amounted to 1,197 tons in 1948 against 1,054 tons in Jan./March 1947. Exports were snipped to (in metric tons) Australia 8, Belgium 37.8, Burma 2.4, France 17.4, UK 218.4, Hongkong 153.1, Italy 3, Japan 36.2, Sweden 7.4, USA 710.1, other countries 2.3. Shipments left China via Tientsin (230.5 tons), Tsingtao (2.7), Shanghai (337.5). Canton (33.2).

* * *

Principal Imports into China for the first quarter of 1948

Raw Cotton:—17,020 tons, mainly from India 15,950 tons, Burma 875, and Egypt 195. In 1947 first quarter 13,833 tons were imported, mainly from US and India.

Raw Jute:—2,500 tons, all from India.

New Gunny Bags:—4,918 tons, mainly from Hongkong.

Wool:—1,098 tons, mainly from Australia 600 tons, UK 426 tons, US 54 tons.

Woollen Piece Goods:—36.8 tons (against 455 tons in 1947), mainly from Australia, Japan, UK, Hongkong, US.

Artificial Silk Floss & Yarn:—1,931 tons, mainly from Japan.

Rice and Paddy:—366,376 quintals (251,312 in 1947) mainly from Siam.

Leaf Tobacco:—2,369 tons (7,648 in 1947), mainly from the USA.

Imports of Chemicals and Pharmaceuticals during the first three months of 1948:—

(in quintals of 100 kilograms)
Acetic acid 2,175 mostly from US.
Hydrochloric acid 126 mostly from Sweden.

Nitric acid 406, from US 329, from Hongkong 72.

Sulphuric acid 3,489, from US 2,543, from UK 876, from Canada 70.

Other acids 1,807, from UK 145, from Hongkong 80, from Holland 16, from US 1,534.

Sulphate of Ammonia 33,638, from Belgium 17,358, from UK 5,176, from US 6,644, from USSR 3,757.

Bleaching Powder 6,162, from UK 2,309, from Hongkong 1,190.

Carbide of Calcium 3,395: from Japan 1,353, from US 1,094, from Canada 644, from Norway 150.

Explosives for Industrial Use 1,201, from Japan, USA and Britain.

Chemical Fertilizer 30,329 mostly from Canada.

Phosphorus 216 mostly from US and France.

Chlorate of Potash 9,338 mostly from US, Switzerland and Sweden.

Sulphur 12,477 mostly from USA.

Soda Ash 40,134 mostly from British East Africa and UK.

Caustic Soda 19,077 mostly from US, UK and Hongkong.

Nitrate of Soda 5,750 mostly from US and Belgium.

Sulphide of Soda 2,783 from US.

Bicarbonate of Soda 2,885 from US and UK.

Other chemicals and chemical compounds 87,428 mostly from US.

Medicines and Drugs 1,111 mostly from UK, Hongkong and US.

Dyes, Pigments and Paints:

Aniline Dyes 3,779 of which 2,445 from the US, 553 from UK, 99 from France, 93 from Hongkong.

Artificial Indigo: not over 20%—3,575 from US, France and UK; of 50% strength 208, mostly from UK France and US; of 60% strength 354, mostly from UK, Switzerland, US and France.

Printing Inks 2,544 from US.

Paints 4,225 from US, UK and Hongkong.

Pigments 7,357 mostly from US, Belgium, UK, Hongkong.

Tans and Tanning Materials 6,505 mostly from Union of South Africa, US and Argentina.

Sulphur Black 7,554 of which 6,551 from the US, and 558 from UK.

White Zinc 6,458 from US, Hongkong, Belgium, Canada, UK.

Gasoline: (in million litres) total 114.4, supplied mostly by Arabia 14.8, Aden 4.9, Iran 28.2, Netherlands Indies 12.1, USA 53.7.

Lubricating Grease: 6,042 quintals from the USA.

Resin: 1,843 quintals mostly from the US.

Shellac: 497 quintals mostly from India.

Other gums and resins: 2,197 mostly from British East Africa, Egypt, Hongkong, India, Malaya.

Liquid Fuel: 317,774 tons supplied by Aden 53,775, Arabia 38,663, British Borneo 29,600, Iran 103,481, Netherlands Indies 59,775, Malaya 2,192, USA 29,845.

Coconut Oil: 4,928 quintals most of which from Malaya.

Essential Oils and Essences: 915,520 hectograms most of which from US, UK, France, Netherlands, Italy, Netherlands Indies.

Kerosene Oil: (in millions of litres) total 47.2 supplied mainly by Aden 3.4, Arabia 7.9, Iran 14.1, Netherlands Indies 9.9, Malaya 2.7, USA 9.

Lubricating Oil: (in quintals of litres) total 15.3 mainly supply by UK 0.7, USA 14.5.

Paraffin Wax: 16,811 quintals mainly from US and Canada.
Printing & Newsprinting Paper: 12,841 tons supplied mainly by Canada, 5,570, Japan 1,012, Norway 1,576, Sweden 1,298, USSR 2,237.

* * *

Chinese Trade Reports

HUMAN & NYLON HAIR, STRAW BRAID

Declared exports (at the U.S. Consulate) from Tsingtao to the United States in February, with the value (in U.S. dollars) in parentheses, included 32,018 gross of hair nets of human hair (\$135,642), 18 gross of nylon hair nets (\$54), and 216,000 yards of straw braid (\$990). This brings totals for the first 2 months of 1948 to 76,813 gross hair nets of human hair (\$303,523), 97 gross nylon hair nets (\$315), and 518,400 yards of straw braid (\$2,670).

CITRONELLA OIL, MUSK

Declared exports of citronella oil from Shanghai to the United States during the first 2 months of 1948 totaled 32,229 pounds, valued at US\$27,750. Declared exports of musk amounted to 25 pounds, with a value of \$4,768.

WOOL AND RELATED PRODUCTS

Declared exports to the United States from Tientsin for January 1948 included: Sheep wool, 415,335 pounds; camel wool, 5,242 pounds; cashmere wool, 2,612 pounds; goat's hair, 10,668 pounds; horsehair, 38,002 pounds; wool carpets, 376,596 square feet; and strawbraids, 9,441,720 yards.

GOATSKINS

During February, 13,898 Chinese goatskins, valued at US\$10,707, were exported from Tsingtao to the United States, making a total of 24,000 skins valued at \$18,489 for the first 2 months of 1948.

DRUGS & MEDICINES

Declared exports of crude drugs and pharmaceutical preparations from Shanghai to United States during the first 2 months of 1948 totaled 9,543 pounds, valued at US\$18,736. These totals consisted of the following items: Rhubarb, 4,480 pounds, valued at \$1,477; menthol, 2,100 pounds, \$16,900; and, "Chinese medicines," 1,963 pounds, \$359.

SULFUR PRODUCTION

In addition to the 7,397 metric tons of sulfur produced in China in 1947, the National Resources Commission obtained 64,876 tons of pyrites containing 45 percent sulfur.

CHINESE FILM CENSORSHIP

The Chinese Board of Film Censorship in Shanghai has conducted the following business in 1947:—

COMMERCIAL REPORTS

TRADE AND PRODUCTION REPORTS FROM INDONESIA

Removal of Republican military forces from pockets behind Dutch lines, in compliance with the military truce, has resulted in reoccupation of large numbers of agricultural estates, particularly in Central and West Java and on the East Coast of Sumatra, and restoration of a number of railroad lines.

In Central Java, during February, five perennial-crop estates were returned to their owners (bringing the total to 85) as were five sugar mills (making a total of 15). At Semarang the sea-fish auction showed increased activity, with sales increasing from 30.6 tons in November 1947 and 60.4 tons in January to more than 100 tons in February.

East Java Conditions.

In East Java the Netherlands authorities have so far taken over for the owners a total of 34 of the 35 sugar mills. Of these, 19 have been turned over to their owners, while the other 15 remain under supervision of the Department of Economic Affairs. At the end of January, of the total of 95 coffee estates, factory equipment was in operating condition on 45 estates, 6 easily repairable, 25 requiring considerable repairs, and no data were available on the remaining 19. Of the 75 rubber estates, 35 have factory equipment in running condition, 6 are easily repairable, 21 require considerable repairs, with no reports on the remaining 13. Tapping was begun on 10 rubber estates in January, making a total of 35 estates in operation.

Sumatra Recovery.

Economic recovery of the East Coast of Sumatra continues with additional numbers of estates being

taken over by their owners. At the end of February, except for 3 estates, all perennial-crop estates and 42 tobacco estates were in the hands of the owners. Of the 173 estates, 127 are rubber estates, 18 oil-palm, 16 tea, 5 hard-fiber, and 7 coconut estates, with a total area of nearly 300,000 hectares (1 hectare=2.47 acres). Estimated production of rubber for 1948 amounts to 80,000 tons, of palm oil 50,000 to 60,000 tons, of tea 600 tons, of hard fibers 5,000 tons, and of tobacco 1,200 tons.

Petroleum Output.

Petroleum production in the Netherlands Indies in January 1948 continued its upward movement, with a total production of 273,773 metric tons as compared with 261,175 tons in December 1947.

Tin Mining.

Tin production in February 1948 totaled 1,911 long tons (in terms of tin content) of which 1,050 tons were produced on Banka, 770 tons on Billiton, and 91 tons on Singkep. Total exports in February amounted to 3,335 long tons. This compares with 1,912 tons produced and 1,108 tons exported in January. An arrangement has been made by the Government with the Billiton Company for the latter to operate the Banka tin mines for a period of 5 years. The purpose is to permit the rehabilitation of the Banka mines by the company in coordination with its operations on Billiton and Singkep.

Bauxite Mining.

Bauxite mining operations were resumed in October 1947. Exports amounted to 9,259 metric tons in February, compared with 17,008 tons in January 1948, all from old stocks. Of these quantities, the entire amount went to the United States in January and 3,759 tons in February.

Copra Rubber.

Copra production in February amounted to 19,500 metric tons, compared with 14,800 tons in January. Exports also increased to 14,261 tons in February, as against 7,476 tons in January.

Exports of new rubber during February by the Netherlands Indies Rubber Foundation totaled 3,278 metric tons, of which 2,553 tons were shipped to the United States, 560 tons to Europe, and 165 tons to Singapore.

Trade Controls and Prices.

Effective February 24, NIRUB officially terminated its purchasing activities. As of February 1, export licenses are issued by the Bureau of

Export Affairs. This bureau has announced that certain percentages of the f. o. b. export value of native rubber may be exchanged for c. i. f. imports of useful goods.

Retail food prices in February continued to fluctuate in various parts of the archipelago, in some places the index being up but the general trend continuing downward. The decline in food prices is primarily due to the efforts of the Foods Supply Board to make adequate supplies of foodstuffs, particularly rice, available at all distribution centers.

Foreign Trade for 1947.

Imports during December 1947 were valued at 88,747,202 guilders (US\$ 33,723,937), compared with 75,360,874 guilders (\$28,637,132) in November, making total imports for the year 1947, 750,743,000 guilders (\$285,282,000).

Of the total imports for December, 49 percent of the imports came from the United States, 9.6 percent from the Netherlands, and 9.2 percent from Great Britain. The A. I. O. (General Import Organization) handled 46 percent of the December imports, the remainder being imported by private firms. Textiles constituted 20 percent of the total imports by value, foodstuffs 17 percent, and machinery and equipment 26 percent. Chemicals, minerals, vehicles, and metals each represented from 5 to 6 percent of the total imports in December.

Exports during December were valued at 42,106,792 guilders (US\$16,000,581), compared with 40,460,181 guilders (\$15,412,869) in November, making the total for the year 333,030,000 guilders (\$126,551,000). Petroleum products comprised 35 percent of the exports in December, rubber 33 percent, tin and tin ore 12 percent, copra 4 percent, and kapok, rattan, and hard fibers each 2 percent.

Of the total exports for December, 40 percent of the exports went to Singapore (chiefly petroleum products and rubber), 22 percent to the Netherlands (hard fibers, vegetable oils and seeds, tobacco, rubber), 22 percent to the United States (tin and tin ore, the United States (tin and tin ore, rubber).

Canned Food and Beverages Factory.

About the beginning of 1947, the Fabrick "Java Fruit" was established at Bandoeng, Java, for the processing of canned fruits and beverages. This plant employs about 155 workers and could produce 15 metric tons of jams of diverse flavors and 6,000 liters (1 liter=1.0567 quarts) of beverages, including sirups, wines, and liqueurs, each month. The old plant has now been expanded and reconverted into one which is capable of processing 100 tons of jam per month. The largest share of the production is purchased by the Netherlands Indies Army. The management of the plant anticipates the production of fruit pulp for export and of fruit beverages for local consumption. Auxiliary to the plant are

a laboratory and experimental gardens covering an area of nearly 500 acres, for work with strawberries, raspberries, rhubarb, papaya, white ginger, kumquats, and other local varieties of fruit.

* * * *

TRADE WITH KOREA

APPROVED LISTS OF IMPORTS AND EXPORTS

The Department of Commerce, South Korean Interim Government, has issued a new list of approved import and export commodities. The new lists were effective April 1, 1948, and supersede all previous lists.

These lists will be revised from time to time by that department, and are subject to change without notice. All goods or commodities not on the approved lists are to be considered prohibited for import or export unless specific approval is obtained from the Department of Commerce, South Korean Interim Government, Seoul, Korea.

These regulations apply to trade with that portion of Korea located south of the thirty-eighth parallel.

Approved Imports

Rice, grains, flours.
Rubber (raw—smoked sheets).
Cotton (raw, thread, yarn).
Fertilizers.
Petroleum and petroleum products.
Raw hides.
Raw materials for matches.
Raw materials for light bulbs.
Vegetable oils.
Wood, timber, and bamboo.
Raw manila hemp and rope.
Sulfite pulp.
Newsprint.
Paper.
Coal, coke, etc.
Tin and aluminum.
Sheet metal.
Raw wool.
Salt.
Carbon black.
Industrial chemicals.
Seeds—for agricultural uses.
Dyes.
Window glass.
Cement.
Needles—machine and hand.
Electrical materials and fixtures.
Trucks—1 ton and over.
Medicines.
Truck tires.

Approved Exports

- I. Marine Products:
Agar-agar (except 1947-48 crop).
- Laver.
Dried fish.
Fish livers.
- II. Fruits, Nuts, and Vegetables:
Apples—limited amounts.
Pears.
Chestnuts and pinenuts.
Gallnuts.
Taro.
- III. Ores and Minerals:
Molybdenum.
Manganese.

Cobalt.
Kaolin.
Talc.
Graphite.
Zinc ore.
Beryllium.
Fluorite.
Silica sand.
Pyrophyllite.
Monazite.
Asbestos.
Ferro tungsten.

IV. Handicrafts:

Lacquer ware.
Glassware.
Embroideries.
Potteries & clay manufactures.

V. Silk (raw, waste, and manufactured).

VI. Furs.

VII. Buttons and blanks.

VIII. Ginseng.

1 Purchase and distribution controlled by Monopoly Bureau.

2 Controlled by Bureau of Pharmaceutical Affairs.

3 Export of Red Ginseng controlled by Monopoly Bureau.

* * * *

Philippine Desiccated Coconut Trade

Production of desiccated coconut in the Philippines during 1947 equaled or slightly exceeded total exports which amounted to 35,500 short tons. No commercial desiccated coconut was consumed in the Philippines, and production was shipped as soon as sea transport could be arranged. Eight factories were producing desiccated coconut in 1947, although several of them did not begin operations until the second half of the year.

In 1946, only about 5,600 tons of desiccated coconut were produced. Following liberation, extensive rehabilitation was required in most plants. Certain factories were damaged to such an extent that repair was impossible. To meet the foreign demand, certain new factories were constructed.

Desiccated coconut output in 1948 is expected to reach 50,000 to 55,000 short tons, according to trade estimates. Before the typhoon of December 26, 1947, it was believed that desiccated coconut production in the Philippines might reach 90,000 tons in 1948. The effects of this typhoon on coconut production were more widespread than originally thought. This is especially true of the coconut acreage surrounding the desiccating plants. The result has been that a number of the factories operated only about 4 days a week during February and March of 1948.

Since the start of the industry in 1922, the United States has consistently imported from 98 to 99 percent of all Philippine production of desiccated coconut. Occasionally small quantities have been shipped to China and Canada, and a few shipments have gone to Europe.

JAPANESE REGULATIONS FOR TRAVEL, ENTRY AND BUSINESS

As announced by the Supreme Commander for the Allied Powers (SCAP) in a press release of February 3, 1948, the numbers of commercial entrants permitted to enter Japan at any time will be limited to those whose activities will contribute to the economic rehabilitation of Japan.

The Japanese Government is operating five commercial hotels, but total facilities available in these hotels throughout Japan will accommodate only 500. Commercial entrants may remain in these hotels only 60 days unless accommodations are adequate for a longer period without denying entrance into Japan to other applicants; and those who apply for a semi-permanent resident's permit, which would permit them to remain in Japan longer, must not only demonstrate that their continued presence will contribute to the objectives of the occupation, but must also provide their own support outside the facilities of the Japanese Government-operated hotels.

Individual applications must be sponsored by the applicant's own Government and forwarded through established diplomatic channels. Property owners or their representatives desiring to take advantage of the arrangements outlined should make application to their respective govt. (in the case of Hongkong, the S.T. & I. Dept.). Applications will be considered by the Supreme Commander in priority of their receipt, and entry permits will be valid during a period of 60 days, assigned by the General Headquarters in Japan. Transportation will be obtained by the entrants via established transportation facilities.

Restitution of Properties

Procedures governing the restitution of properties to United Nations owners are chiefly the following:—After his arrival in Japan the owner, or his duly authorized agent, will make application to the Supreme Commander through the U.S. Reparations and Restitution Mission in Tokyo for the return of his property. Regardless of whether the property was sold or liquidated by the Japanese Government during the war, owners are entitled to return of his property, to refund to the Japanese Government the amount of money received as payment or that was deposited in a blocked account in the owner's name at the time of sale or liquidation. Repayment of such amounts, however, will be due only after the settlement of any claims for loss or damage that the owner may make against the Japanese Government. If the property has been leased to a third party by the Japanese custodian or administrator, the owner will have the opportunity of terminating the lease and obtaining vacant possession. If, however, the property has been requisitioned by the occupation forces for their use, vacant possession will not be obtained by the owner until the property is released by the occupation forces.

In accepting the return of the property, the owner will not be required to renounce any claim he may have against the Japanese Government or its nationals for damages to the property. Since the procedures for adjudicating or settling claims against the Japanese Government or its nationals have not yet been determined, it is not possible to state the extent or nature of compensation which may be provided in respect to claims for loss or damage suffered before return of the property, nor when such claims will be acted upon. An owner who is unable or unwilling to assume control of his property at the present time will not be compelled to accept its return, nor will any rights he may have be prejudiced by his not resuming control at present. Until the property is returned to the owner, the Japanese Government has sole responsibility for its preservation and protection under the direction of the Supreme Commander, but after its return its future maintenance and any rehabilitation costs are the responsibility of the owner.

Entry for Commercial Business

At present SCAP regulations do not permit postwar commercial entrants to engage in business and investment activities in Japan except as specially authorized. Business entrants are now permitted to engage in international trade through Boeki Cho (Japanese Board of Trade) and SCAP licenses have been issued to banking, shipping, and insurance companies to service foreign trade. Resident allied and neutral nationals who have been in Japan continuously since September 2, 1945, are permitted to engage in business activities on the same basis as Japanese nationals, and it is contemplated that commercial entrants whose activities will contribute to the economic rehabilitation of Japan will be accorded the same privileges.

Lack of Conversion Rate

No procedure has yet been established whereby foreign exchange can be converted to yen except at the military exchange rate of 50 yen to 1 U.S. dollar, and all import-export of raw materials and other commodities must be through Boeki Cho and subject to SCAP approval and validation. At present there is no provision for conversion of Japanese yen into foreign currencies.

* * * *

Japanese Trade Enquiries

East Asiatic Trading Co., Ltd. (C.P.O. Box 298), Ujiden Bldg., 164 Umegae-cho, Kitaku, Osaka, wishes to represent exporters and manufacturers of raw materials, machinery, patented articles, used merchandise, and waste goods.

Maruni Trading Co. Ltd., 25 Asahi-cho, Shimizu-Shi, desires to export

paper and paper products, lacquerware, fishing tackle, fancy goods, bamboo and bamboo articles, hardware, harmonicas, and general merchandise.

Nippon Koeki Co. Ltd., Room 224, Finance Ministry Annex, 2, 1-Chome, Uchisaiwai-cho, Chiyodo-ku, Tokyo, wishes to export aluminum household ware, bicycle parts, chinaware, porcelain insulators, matches, metal hooks and eyes, plastic goods, rubber goods, safety-pins, shell buttons, textiles, umbrella cloth, wall tiles, artificial pearls, fish products, furniture, knitting needles, nails, rayon yarn and fabrics, rugs, sewing needles, shoe laces, spring press studs, mechanical toys, umbrella frames, watches and clocks, and window glass.

N. Ohnishi & Co., P. O. Box Osaka Central 233, Maizuru City, Kyoto-Fu, desires to act as selling agent in Japan for suppliers of foodstuffs, such as canned or dried beef, pork, chicken, fish, cheese, powdered milk, fruit juices, vegetables, candy, coffee, chocolate, and cocoa.

Yokohama Trading & Industrial Co. Ltd., 57 Aoki-dori, Kanagawa Ward (near Yokohama Central St.), P.O. Box 111, Yokohama, wishes to export the following: Chrome and silver-plated tableware; mechanical, celluloid, rubber, and wooden toys; bamboo and wooden ware; wire screens; hand-knit woolen baby sacques, bonnets, booties, individual and in sets; hand-knit cotton and rayon doilies; imitation pearl necklaces and earrings; Habutae baby and bunny shoes; general merchandise.

Yokkaichi Chamber of Commerce and Industry, 2 Chitose-cho, Yokkaichi, wishes to contact importers and buyers of worsted, woolen textiles, cotton yarn, cotton cloth, fishing nets, silk and cotton hosiery, pottery and porcelain, enameled ironware, sheet glass, rubber belting, electric wire, flat-irons (charcoal heated), rice bowls, farming tools and machinery, vegetable oil, soap and other oil or grease products, cosmetics, drugs, bamboo ware, woodenware, toys, chemical fertilizers.

J. D. Miller Co. (manufacturer, exporter), 52 Yamate, Naka-ku, P.O. Box 413, Yokohama, wishes to export silk and rayon textiles, ready-made goods (especially silk and rayon mufflers), optical goods, canned goods, and miscellaneous merchandise.

Y. Minato & Co., Ltd. (manufacturers and exporters), 86, 3-chome, Motomachi, Kuta-ku, Kobe, desires to export a newly developed bamboo tile, known as Lightic. Tiles are available in the following sizes: 1" x 1", 2" x 2", 3" x 3", 4" x 4", 5" x 5".

Yamashita Masaji Co. Ltd. (manufacturer, exporter), 5th floor, Kotobuki Building, Shimokyo-ku, Kyoto, and 39 2-chome, Hiranomachi, Higashi-ku, Osaka, wishes to export toys and miscellaneous goods, such as Christmas and other holiday decorations; toys made of silk, rayon, and cotton; fiber articles; underwear and pajamas.

South East Asia Rice Allocations For January/December 1948

The I.E.F.C. (International Emergency Food Council) have announced the rice allocations for January/December 1948. Those for South East Asia exporting and recipient territories (in thousands of metric tons) are as follows:—

Claimant	Total	Burma	Siam	F.I.C.	Others
CHINA	420.0	100.0	176.2	22.8	121.0
FRENCH TERRITORIES	150.0	—	—	143.9	6.1
INDIA	825.0	588.2	97.3	27.5	112.0
INDONESIA	175.0	61.7	81.1	12.6	19.6
PHILIPPINES	54.6	14.5	30.0	—	10.1
PORTUGUESE INDIA	9.0	2.0	—	—	7.0
BR. BORNEO & SARAWAK	45.0	16.3	25.0	—	3.7
F.A.R.E.L. Forces	5.0	5.0	—	—	—
CEYLON	400.0	300.3	40.7	—	59.0
HONG KONG	125.0	54.2	48.8	12.0	10.0
MALAYA	425.0	258.8	92.9	21.2	52.1
MAURITIUS	28.0	16.0	—	—	12.0
SEYCHELLES	1.4	0.4	—	—	1.0
U.K. (FOR ASIATIC SEAMEN)	5.0	5.0	—	—	—
U.S. MILITARY FOR KOREA AND RYUKYUS	78.0	—	8.0	—	70.0
TOTALS	2,746.0	1,422.4	600.0	240.0	483.6

The allocations are based on export availabilities of 1,400,000 long tons (1,422,400 metric tons) from Burma, 600,000 metric tons from Siam and 240,000 metric tons from French Indo-China.

In addition to the above allocations India will get 37,500 metric tons of rice from Pakistan and 26,400 metric

tons of rice from Egypt in exchange for other cereals which India will make available to Pakistan and Egypt. In addition to the allocation of 425,000 tons to Malaya, a rice/flour exchange with Egypt, giving 43,000 tons of rice to Malaya has been approved by the I.E.F.C.

Japan's Industrial Basis

A country which, like Great Britain, is largely dependent on imported raw materials for the maintenance of its industries, though similarly possessing domestic coal resources, is Japan. One of the principal objects of the recent Japanese aggression in the Far East, in fact, has been to secure a greater proportion of these raw materials within her own frontiers: relief of the congestion of population, which had been growing at an embarrassing rate, was of secondary consequence, for the settlement of the Japanese people has never been conspicuously successful, even in such nearby territories as Korea.

The adoption by Japan of western methods of industrialisation has been remarkable, and very much by virtue of the low wages and long working hours of her workpeople she has been able to flood the world, and particularly the eastern markets, with cheap manufactured goods. Often these were inferior to the products of other nations, as is usual during the early stages of industrial development, but efforts to improve their quality were beginning to take effect.

Expansion was most noteworthy in the textile industries. For years the principal Japanese import, prior to the war, was raw cotton from the United States and India, and the proportion of her export trade represented by cotton goods was continually increasing, while sales of raw silk, which

had always dominated her exports, were slowly declining. Osaka, the "Manchester of Japan" and the country's chief manufacturing centre, competed successfully with India and Lancashire in the Chinese, Indian, and other markets, and Japan became second only to the United States in the cotton industry. During the depression years of the early thirties Japan, alone among the nations, actually extended her foreign trade.

But a more startling rise in output even than that of cottons, because of its suddenness, has been that of artificial silk, for which, again, Japan is much compensated for the relative difficulty of obtaining raw materials by the low cost of labour. Between 1934 and 1937 her production was more than doubled, she temporarily became the leading nation, and her rayon was following her cotton fabrics into every quarter of the globe.

Imports of raw wool were also quickly mounting as more woollen mills came into production, for among the wealthier classes at least the customary practice of padding winter clothes was giving way to the wearing of woollen garments.

Throughout the Far East cheap Japanese matches had captured markets previously held by European products; the manufacture of chemicals, artificial fertilisers, glass, electrical equipment, and paper had become important industries, while Japan's output of steel, largely derived from Chinese ores and pig-iron smelted in Manchuria and India, and of machinery was rising at a rapid rate. Even be-

fore their armies had overrun south-east Asia, Japanese manufacturers had sought to consolidate their position on the Chinese mainland by virtually controlling exploitation of iron ores, and in the field of textiles by the erection and ownership of cotton mills in Chinese cities.

It is patent, whatever territorial adjustments are now made to the former Japanese Empire, that the maintenance of her industries in the Osaka-Kobe, Tokyo-Yokohama and other regions is utterly dependent upon the accessibility of raw materials furnished by the United States, India, Australia, Korea and China—including Manchuria, and Formosa. It should be patent, too, that the standard of living, low though it may be, of a large proportion of the inhabitants of those densely populated islands is equally dependent upon that maintenance.

—W. G. MOORE

British Textiles From Ground Nuts

Plans to produce "Ardil" Britain's new "Ground Nut" cloth at the rate of ten thousand tons yearly have now materialised. This synthetic material which has all the advantages and none of the disadvantages of wool has been recognised as one of the greatest textile discoveries of the century. Being moth proof and crease proof it is resilient, soft and warm to the touch. It absorbs moisture like wool.

Although "Ardil" is expected to be cheaper than wool it will be complementary rather than competitive. For example it can be used to the greatest advantage fifty-fifty with the natural material the resultant fabric being scarcely distinguishable from 100% wool. It can also be mixed with cotton and rayon adding warmth and crease resistance to the cloth. Fabrics with the appearance of wool have been made from "Ardil" and rayon—indicating a field in which great textile developments are possible.

"Ardil" takes its name from a place in Scotland where it was evolved by scientists of the Imperial Chemical Industries. The idea was that wool is an animal protein fibre and ground nuts are a vegetable protein. Animals eat vegetable protein and some of this protein finds its way into the hair of the animal—a long, slow and complicated and wasteful process as far as production of wool is concerned. The Arder research scientists were out to circumvent this process, to make wool direct and "Ardil" is the result.

Thanks to intensified ground nut development in the British Commonwealth "Ardil" manufacture will have an abundance of raw material. "Ardil" has in fact shown the value of ground nut production since it draws on the protein and not on the oil content which is intended to supplement the world's fat supplies.

Hongkong Parcel Post and Gift Shipments to the United Kingdom

The following notes are intended to provide brief information about the British Customs charges which have to be paid on goods sent to the United Kingdom by post, and, in particular, to explain why in the case of unsolicited gifts sent to individuals, the United Kingdom Revenue authorities have not been able by relieving them of their revenue liability, to acknowledge the generous spirit in which they are given.

Liability to duty and tax

Under the United Kingdom Tariff most personal and domestic articles are liable on importation to purchase tax as well as to import duty. The tax is an internal revenue tax levied on goods produced in the United Kingdom, and in order not to discriminate against home production it must equally apply to imports. For example, the store price of handbags in the United Kingdom includes tax charged internally at the rate of 125 per cent. ad valorem, and it would obviously be unfair to home traders if imported handbags were not correspondingly taxed. Moreover, the opportunity of getting from abroad articles which are in short supply in the United Kingdom is more or less confined to people who have connexions overseas, and a taxation privilege which could be enjoyed only by this privileged class could not be justified.

Rates of duty and tax

There are wide variations in the rates of duty and purchase tax chargeable on different kinds of articles. Goods such as tobacco and liquor, and luxury and semi-luxury articles such as jewellery, cosmetics and fancy goods are particularly heavily taxed, and the charges may be expected to exceed the price paid for them. Even in the case of goods such as clothing the charges, although more moderate, are still substantial, for example the duty and tax on a dress costing \$4 would be approximately 15s. (\$3) if it were made of silk or artificial silk or 10s. (\$2) if it were made of other material. These high rates reflect the general increase in the scale of indirect taxation in the United Kingdom which have been made with the object of checking personal spending, and it is consequently more than ever necessary that no tax advantage should be given for imports which might divert such expenditure abroad.

Unsolicited Gifts

Unfortunately the question of relieving unsolicited gifts from this heavy taxation is not as simple as it might appear. Some half a million post parcels arrive in the United Kingdom every week. These huge mails must be kept moving at the speed at which they arrive. Delay in clearance means congestion and more delay, and the Customs are quite unable in the time available to discriminate between those parcels (often store packed) which are genuine gifts and those which are trade or purchased goods, or might be such goods masquerading as

gifts. Under the weight of practical considerations the possibility of introducing a revenue concession for unsolicited gifts has, therefore, regretfully had to be abandoned.

Food and worn clothing parcels

Some concession has, however, been possible for the following classes of gift parcel, because it depends on simple facts which can be checked at sight and carries little incentive to revenue evasion. Gift food parcels which contain foodstuffs only are admitted without Customs charge. The duty and tax are similarly waived in the case of gifts of discarded clothing which shows obvious signs of fair amount of wear, provided that the quantity is reasonable and the examining officer is satisfied that the garments are genuine discards; clothing which has merely been laundered or given token wear does not qualify under this concession.

Gifts for charitable distribution

Arrangements are also in force whereby gifts for general charitable distribution (other than liquor, tobacco and playing cards) which are sent to approved organizations and approved individuals in the United Kingdom may be admitted without Customs charge.

Chargeable gifts

Gifts not covered by these exceptions are liable to the normal Customs charges, and donors who wish to avoid substantial expense to the recipient are advised to confine their choice of presents to foodstuffs or articles of the inexpensive utilitarian kind. It is important that the contents of parcels should be fully and accurately declared so that they can be cleared with a minimum of delay, and it should also be remembered that misdeclarations and attempts to conceal chargeable goods in food or worn clothing parcels, may render the whole parcel liable to confiscation.

* * * * *

New Export Records for British Commercial Vehicles

One of Britain's largest commercial vehicle makers (Leyland Motors Ltd.) has just announced a new export record, the May total exceeding that of March (the previous best month) by more than £60,000. This firm is the builder of new diesel engine vehicles especially designed for overseas. Last month 78% of the output went to export. This month the figure is expected to be even higher.

The value of exports shipped by these manufacturers in the last six months is almost four times greater than that of the corresponding months last year, with hard currency areas such as Canada and the Argentine being responsible for a substantial proportion of the business.

This Company has a range of more than fifty models designed solely for export and ranging from five and seven ton Comets to giant six wheelers.

HONGKONG EXPORT REGULATIONS AT A GLANCE

TYPE.	COMMODITIES INVOLVED.	FORM REQUIRED.	ISSUING AUTHORITY
Prohibited Exports.	Foodstuffs: Butter, Rice, Sugar. Bottles—all kinds, whole or broken, empty or filled Cotton yarn of all kinds; Tinplates; Baths—all kinds; Tin slabs and ingots; Water Closets—all kinds; Cotton threads of all descriptions; Peanut cake in solid or powdered form; Gold bullion & coin; Silver bullion and coin; Basins, toilet and all bathroom accessories; Peanut oil; Sweetened condensed milk; Cement; Preserved ginger (in casks); Toilet & Medicinal soap; Gunny bags; Lambskins (Karakuls); Rabbit skins; Margarine; All unmanufactured and semi manufactured iron & steel; evaporated milk; Cheese; and Iron & steel scrap.	Form 2—in triplicate	Supplies Trade and Industry Dept.
China Exports—	Bristles, Wood oil, Cotton yarn, Tea, Rapeseed Oil, Tin, Wolfram and Antimony.	Form 2B (Yellow) in duplicate.	I. & E. Dept.
Restricted Exports—	Wood (tung) Oil, Dessicated Coconut, Tin, Rubber, Pepper, Diamonds, Gunny bags, Silver, Products of sterling area, Coconut Oil, Lambskins (Karakuls), Rabbit Skins, and Preserved ginger in casks or jars.	Form 2A (Green) in triplicate.	I. & E. Dept.
General Exports.	All commodities—(other than those listed above)—to non-Sterling areas.	Form 2B (Yellow)	I. & E. Dept.
Exports to Sterling area and China	All commodities—(other than China Exports, and Prohibited exports).	No special licence required.	
Exports to Japan.	(Special arrangement with D.S.T.I.)		S. T. I. Dept.

